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Proposed programme budget for the biennium 2010-2011

Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2009

Third report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2010-2011

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement submitted by the Secretary-General (A/64/358) on the administrative and financial implications for the biennium 2010-2011 of the decisions and recommendations of the International Civil Service Commission on the common system, as contained in the report of the Commission to the General Assembly for 2009.[1]

[1] *Official Records of the General Assembly, Sixty-fourth Session, Supplement No. 30* and corrigendum (A/64/30 and Corr.2).

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2. As in the past, the Advisory Committee has confined its consideration of the administrative and financial implications of recommendations contained in the report of the Commission to those submitted to the General Assembly by the Secretary-General in his statement. The Advisory Committee has not commented on the recommendations themselves or on their underlying rationale.

3. As indicated in the Secretary-General's statement, the annual report of the International Civil Service Commission for 2009 contains decisions and recommendations with financial implications for the proposed programme budget and the proposed budgets of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia for the biennium 2010-2011 related to:

(a) Conditions of service of staff under fixed-term appointments: introduction of end-of-service severance pay for fixed-term staff separating from the organization upon the expiration of contract after 10 or more years of continuous service in those organizations which have introduced and implemented the new contractual framework, as defined by the International Civil Service Commission in its 2005 annual report;

(b) Conditions of service of staff in the Professional and higher categories: base/floor salary scale.

II. Conditions of service of staff under fixed-term appointments

4. In paragraph 59 (b) of its 2009 report, the Commission recommended that the General Assembly introduce end-of-service severance pay for fixed-term staff separating from the organization upon the expiration of contract after 10 or more years of continuous service in those organizations which have introduced and implemented the new contractual framework, as defined by the Commission in its 2005 annual report, subject to the conditions and schedule provided in annex III to its report.[1] In paragraph 2 of his statement (A/64/358), the Secretary-General states that the Commission concluded that the costs incurred by such compensation mechanisms were deemed to be less than the costs for buyout packages. **It remains unclear to the Advisory Committee why a comparison is being made between the amounts that would be required if buyout packages were to be offered and those that could be incurred in connection with end-of-service severance payments upon the expiration of contracts.**

5. Furthermore, the Secretary-General notes in his statement that, in accordance with the provisions of General Assembly resolution 63/250, the Commission emphasized that the end-of-service grant is intended solely as severance pay to assist separating staff during their search for alternative employment and should not be construed as giving any expectancy of renewal of a fixed-term contract or its conversion to a continuing appointment. Moreover, it should be known as "end-of-service severance pay" and should be offered to qualifying staff as a separate measure distinct from termination indemnity. The end-of-service severance pay eligibility requirements are set out in annex III to the report of the International Civil Service Commission.[1]

6. The annual financial implications resulting from end-of-service severance pay for the United Nations and other participating organizations of the common system

have been estimated by the Commission to be approximately $4.6 million system-wide. The financial implications for the proposed programme budget of the United Nations and the proposed budgets for the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia for the biennium 2010-2011 have been estimated by the Secretary-General at $2,100,000, $214,200 and $30,700, respectively.

7. Upon enquiry, the Advisory Committee was informed that the above-noted amount of $4.6 million was calculated on the basis of the actual number of eligible separations for the two-year period 2006-2007, which was derived from data collected from all United Nations organizations. The assumption was made that the same number of separations would be experienced in any biennium. The Commission applied the proposed schedule[2] to the eligible cases, namely, non-renewals of contracts after 10 or more years of service. The calculation used the salary scales effective as at 1 January 2009 for Professional staff, and salary scales effective as of 1 June 2009 for General Service staff. The salary rates applied to each case were consistent with the grade of the staff member and the place of separation for that staff member. The Committee was also informed that, in some instances, organizations did not provide complete information on the cases of separation and that approximations therefore had to be made in those cases. Where data on the specific grade or place of separation were not available, the Commission used weighted average salaries for both Professional staff and General Service categories, making reference to the 2008 staff statistics of the United Nations System Chief Executives Board for Coordination.

8. The Advisory Committee was further informed that the introduction of end-of-service severance pay was recommended by the Commission for those United Nations common system organizations which had introduced the new contractual framework. As such, the Commission's estimate assumes that all United Nations organizations have adopted the contractual framework; in reality, its adoption may not happen simultaneously in all organizations. Some organizations will probably require time to implement the new contractual framework.

III. Conditions of service of staff in the Professional and higher categories

9. As indicated in paragraph 6 of the Secretary-General's statement, the cumulative movement of the United States federal civil service net salaries in Washington, D.C., the current comparator, increased by 2.9 per cent as from 1 January 2009. In addition, during the fiscal year 2009, there were changes in the United States federal income tax legislation, while no changes occurred in the state income tax legislation in the states of Maryland and Virginia and the District of Columbia. As a result, the comparator's reference salary (GS-13/GS-14 salary levels) was 3.04 per cent higher than the net salary of a P-4/VI in the current United Nations base/floor salary scale, as at 1 January 2009, as compared with 2008 levels. In accordance with the approved procedures and past practices, this would call for an upward adjustment of 3.04 per cent in the common system salary scale for staff in the Professional and higher categories, as from 1 January 2010. The increase in

[2] Ibid., annex III.

the base/floor salary scale would be implemented through the standard method of consolidating post adjustment multiplier points on a no-loss/no-gain basis.

10. As indicated in paragraph 7 of the statement, the annual financial implications of the adjustment of the base/floor salary scale for the United Nations and other participating organizations of the common system in respect of the scale of separation payments have been estimated by the Commission to be approximately $1,446,000. The financial implications for the proposed programme budget of the United Nations and the proposed budgets for the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia for the biennium 2010-2011 have been estimated by the Secretary-General at $493,600, $66,500 and $81,900, respectively.

11. The Advisory Committee notes that the proposed adjustment of the base/floor salary scale for staff in the Professional and higher categories would have an impact on the annual cost implications in connection with the above-mentioned end-of-service severance pay for fixed-term contracts, as well as other payments directly linked to the base/floor salary.

IV. Conclusion

12. As indicated in the Secretary-General's statement, the financial implications for the proposed programme budget and the proposed budgets of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia for the biennium 2010-2011 resulting from the recommendations and decisions of the International Civil Service Commission are estimated at $2,593,600, $280,700 and $112,600, respectively, with regard to end-of-service severance pay for staff under fixed-term appointments and separation payments for staff in the Professional and higher categories. The Secretary-General indicates that these requirements will be reflected in the recosting of the corresponding proposed budget estimates for the biennium 2010-2011 prior to determination of the appropriations to be adopted by the General Assembly in December 2009.

13. **The Advisory Committee has no objection to the Secretary-General's approach with respect to separation payments for staff in the Professional and higher categories in that these requirements will be reflected in the recosting of the proposed budget estimates for the biennium 2010-2011, as noted above.**

14. **As regards end-of-service severance pay, the Advisory Committee points out that the estimate, which is based on past trends, will be subject to change because, under the new contractual framework, staff on assignments of limited duration will be converted to fixed-term contracts. It will also be affected by the actual number of conversions of fixed-term contracts to continuing contracts in connection with the new contractual framework. Furthermore, the proposed adjustment of the base/floor salary scale for staff in the Professional and higher categories (see paras. 9-11 above) would also have an impact on the amount of financial resources required.**

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Report of the Human Rights Council

Programme budget for the biennium 2008-2009

Proposed programme budget for the biennium 2010-2011

Revised estimates resulting from resolutions and decisions adopted by the Human Rights Council at its tenth and eleventh sessions

Fourth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2010-2011

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the revised estimates resulting from resolutions and decisions adopted by the Human Rights Council at its tenth and eleventh sessions, in 2009 (A/64/353). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report of the Secretary-General complies with the procedure approved in part V of General Assembly resolution 63/263, in which the Assembly endorsed the conclusions and recommendations of the Advisory Committee (see A/63/629, para. 10) as to the merit of annual presentations of revised estimates arising from resolutions and decisions adopted by the Human Rights Council to the General Assembly, as proposed by the Secretary-General (see A/63/541).

3. The Advisory Committee notes that the Council, at its tenth and eleventh sessions, adopted a number of resolutions and one decision that require provisions in addition to the resources approved in the programme budget for the biennium 2008-2009 and the initial resources included in the proposed programme budget for the biennium 2010-2011. The requirements of $1,452,900 and $3,800,100 related to the tenth and eleventh sessions, respectively, are summarized in the annex to the report of the Secretary-General, and detailed information on requirements under each resolution and decision is provided in section II of that report.

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4. The Advisory Committee also notes that, given the timeline for submission of the annual report, the requirements resulting from resolutions and/or decisions of the twelfth session of the Council, held from 14 September to 2 October 2009, will be included and considered in the context of the next annual submission.

5. As indicated in the report of the Secretary-General, the Advisory Committee notes that, although the Council held three special sessions (ninth, tenth and eleventh) in 2009, only its ninth special session gave rise to additional resources. In this connection, the Committee had before it the report of the Secretary-General on the budgetary requirements arising from resolution S-9/1 (A/63/853). Accordingly, it is indicated that, although no provisions were included under the programme budget for the biennium 2008-2009 under section 2, General Assembly and Economic and Social Council affairs and conference management, and section 23, Human rights, it is anticipated that a total of $1,821,500 (net) would be required for the additional activities foreseen under paragraphs 11, 12, 14 and 15 of the resolution. Of this total, an amount of $650,600 would be met from extrabudgetary resources and an amount of $266,900 from resources already appropriated under section 2 ($49,400) and section 23 ($217,500) of the programme budget for the biennium 2008-2009. The estimated balance of $904,000 (net) represents the additional requirements to be financed from the programme budget for 2008-2009. The Committee was informed that subsequent to the issuance of that report, it had been determined that the additional requirements related to the implementation of resolution S-9/1 could be met from the resources already appropriated under the programme budget for 2008-2009; therefore, no additional appropriation would be required. **The Committee recommends approval of the additional requirements related to the implementation of resolution S-9/1, adopted by the Human Rights Council at its ninth special session, to be accommodated from within the resources appropriated under the programme budget for the biennium 2008-2009.**

6. As regards the revised estimates resulting from resolutions and decisions adopted by the Human Rights Council at its tenth and eleventh sessions, the Secretary-General states that provision has already been made for the implementation of activities of a "perennial nature" in the programme budget for the biennium 2008-2009 and in the proposed programme budget for 2010-2011. Requirements of $824,700 (before recosting) are indicated for the implementation of such activities pursuant to resolutions 10/16, 10/27, 10/32, 11/10 and 11/12, for which provision has already been made in the proposed programme budget for the biennium 2010-2011 (see A/64/353, para. 4).

7. Additional requirements are indicated with respect to resolutions containing new mandates, for which no provision was made in the programme budget for 2008-2009 or in the proposed programme budget for 2010-2011 (resolutions 10/11, 10/23, 10/33, 11/1, 11/2, 11/3, 11/4, 11/8 and 11/9 and decision 11/117). The additional requirements related to resolutions containing new mandates amount to $1,884,500 for the biennium 2008-2009 and $2,834,300 for 2010-2011 (before recosting). Upon request, the Committee was provided with a table similar to that included in the report of the Secretary-General that further differentiates whether the resources relate to activities of a perennial nature or to new mandates (see annex). **The Committee is of the opinion that future presentations should follow this format.**

8. The Advisory Committee notes that the Secretary-General is proposing that the amount of $1,884,500 be accommodated within the resources appropriated under the

programme budget for the biennium 2008-2009 and reported in the context of the second performance report. As to the total estimated requirements of $3,659,000 relating to the biennium 2010-2011, given that provision of $824,700 has already been made in the proposed programme budget for the biennium 2010-2011 as it relates to perennial activities, the Secretary-General is proposing that the balance of $2,834,300 be met from within the provisions of the proposed programme budget for the biennium 2010-2011. No additional appropriation would be required.

9. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General on the revised estimates resulting from resolutions and decisions adopted by the Human Rights Council at its tenth and eleventh sessions (A/64/353).**

10. The Advisory Committee notes that regarding Human Rights Council decision 11/117, Issuance of reports of the Working Group on Universal Periodic Review in all official languages of the United Nations, the Secretary-General indicates that the requirements for the biennium 2008-2009, estimated at $1,439,800, for the translation of reports called for under the terms of the decision could be met from within the overall resources appropriated under section 2. As regards the related requirements for 2010-2011 of $4,378,900, it is indicated that specific proposals to strengthen the permanent conference-servicing capacity of the United Nations Office at Geneva to meet the increased demands stemming from the activities of the Human Rights Council and other human rights mechanisms have been included in the proposed programme budget for the biennium 2010-2011 (see A/64/353, paras. 31-34).

11. In its first report on the proposed programme budget for 2010-2011, the Advisory Committee referred to the issue of the servicing of human rights bodies and made recommendations on the resources proposed by the Secretary-General for conference services in Geneva for 2010-2011 (see A/64/7, paras. I.84-I.89). The Committee also referred to the issue of management of documents related to the Human Rights Council in its report on the pattern of conferences (A/64/484, paras. 16-19). **While supporting the Secretary-General's proposal to redeploy 12 posts from New York to Geneva and to increase the level of resources allocated for temporary assistance for meetings, the Committee has also voiced its ongoing concerns about the adequacy of the additional capacity proposed. The Committee has therefore recommended that the General Assembly request the Secretary-General to monitor the situation closely and to report to the Assembly on any developments that may have financial implications.**

12. The Advisory Committee further recalls that the General Assembly, in its resolution 63/284, requested the Secretary-General to entrust OIOS with a review of the circumstances that led to insufficient conference services being put at the disposal of the Human Rights Council in 2009, which should shed light on the sufficiency of the resources provided. **The Committee reiterates its expectation for the review to be completed expeditiously and the recommendation thereon submitted, as requested, to the Assembly for action (see A/64/7, para. I.88).**

13. In addition, the Advisory Committee was informed that the Department for General Assembly and Conference Management was planning to submit a report to the General Assembly consolidating existing documentation guidelines on word and page limits that clarified the number of words per page and pages per document, including all documents submitted to the Secretariat directly and by the Secretariat on behalf of intergovernmental bodies. The Committee further recalls that the

Assembly, in paragraph 16 of its resolution 60/251, decided that the Human Rights Council should review its work and functioning five years after its establishment and report thereon to the Assembly. In addition, the Committee was informed that in paragraph 5 of its resolution 12/1, adopted recently at its twelfth session, the Council requested the United Nations High Commissioner for Human Rights to present a report to the Council at its fifteenth session on how to improve conference and secretariat services for the Council.

Annex

Summary of requirements resulting from resolutions and decisions of the Human Rights Council at its tenth and eleventh sessions, including perennial and new activities

(Thousands of United States dollars)

Human Rights Council resolutions/decisions		*Budget section*	*Requirements per biennium*	*2008-2009*		*2010-2011*			*Relevant Human Rights Council resolutions/decisions paragraph*
				Existing provision in the 2008-2009 programme budget	*Requirements to be accommodated within the existing appropriation*	*Requirements to be accommodated within the provision proposed for the biennium 2010-2011 (before recosting)*	*New*	*Perennial*	
10/11	The use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination	2	112.2	—	—	112.2	112.2	—	Requested the Office of the High Commissioner to continue supporting the Working Group convening regional governmental consultations on this matter, in conformity with paragraph 15 of General Assembly resolution 62/145, with the remaining three to be held before the end of 2010, bearing in mind that this process may lead to the holding of a high-level round table of States, under the auspices of the United Nations (para. 16)
		23	204.4	—	—	204.4	204.4	—	
10/16	Situation of human rights in the Democratic People's Republic of Korea	23	116.8	—	—	116.8	—	116.8	Decided to extend the mandate of the Special Rapporteur, in accordance with Council resolution 7/15, for a period of one year (para. 3)
10/23	Independent expert in the field of cultural rights	2	108.6	—	—	108.6	108.6	—	Decided to establish, for a period of three years, a new special procedure entitled "independent expert in the field of cultural rights", as set out in the relevant United Nations human rights instruments (para. 9)
		23	566	—	7.8	566	566	—	
		28 E	3	—	—	3	3	—	
10/27	Situation of human rights in Myanmar	23	145.4	—	—	145.4	—	145.4	Decided to extend for one year the mandate of the Special Rapporteur on the situation of human rights in Myanmar, in accordance with Commission on Human Rights resolutions 1992/58 of 3 March 1992 and 2005/10 of 14 April 2005, and Council resolution 7/32 of 28 March 2008 (para. 18)

Human Rights Council resolutions/decisions		*Budget section*	*Requirements per biennium*	*2008-2009*		*2010-2011*			*Relevant Human Rights Council resolutions/decisions paragraph*
				Existing provision in the 2008-2009 programme budget	*Requirements to be accommodated within the existing appropriation*	*Requirements to be accommodated within the provision proposed for the biennium 2010-2011 (before recosting)*	*New*	*Perennial*	
10/32	Assistance to Somalia in the field of human rights	23	63.6	—	—	63.6	—	63.6	Invited the independent expert to continue his work until the end of September 2009, without prejudice to Human Rights Council resolution 5/1 (para. 3)
10/33	Situation of human rights in the Democratic Republic of the Congo and the strengthening of technical cooperation and consultative services	23	132.9	—	125.2	7.7	7.7	—	Noted the report of the seven thematic special procedures on technical assistance to the Government of the Democratic Republic of the Congo and urgent examination of the situation in the east of the country (A/HRC/10/59) drawn by the Special Representative of the Secretary-General on the human rights of internally displaced persons, acting on behalf of the other six special representatives and special rapporteurs, and invited them to report again to the Council on the development of the situation at its thirteenth session (para. 5)
	Subtotal		**1 452.9**	—	**133**	**1 327.7**	**1 001.9**	**325.8**	
11/1	Open-ended Working Group on an optional protocol to the Convention on the Rights of the Child to provide a communications procedure	2	796.8	—	199.2	796.8	796.8	—	Decided to establish an open-ended working group of the Human Rights Council to explore the possibility of elaborating an optional protocol to the Convention on the Rights of the Child to provide a communications procedure complementary to the reporting procedure under the Convention (para. 1)
		23	319.2	—	79.8	319.2	319.2	—	
		28 E	14.8	—	3.7	14.8	14.8	—	
11/2	Accelerating efforts to eliminate all forms of violence against women	2	110.8	—	—	110.8	110.8	—	Requested the Office of the United Nations High Commissioner for Human Rights to convene in 2010,

Human Rights Council resolutions/decisions		*Budget section*	*Requirements per biennium*	*2008-2009*		*2010-2011*			*Relevant Human Rights Council resolutions/decisions paragraph*
				Existing provision in the 2008-2009 programme budget	*Requirements to be accommodated within the existing appropriation*	*Requirements to be accommodated within the provision proposed for the biennium 2010-2011 (before recosting)*	*New*	*Perennial*	
		23	60.4			60.4	60.4		within existing resources, in cooperation with other relevant entities of the United Nations system, an expert workshop open to the participation of Governments, regional organizations and experts from different legal systems that would discuss specific measures for overcoming obstacles and challenges States may face in preventing, investigating, prosecuting and punishing the perpetrators of violence against women and girls, as well as measures for providing protection, support, assistance and redress for victims, and requested the Office to produce a summary report to be submitted to the Council (para. 11 (d))
		28 E	1.6			1.6	1.6		
11/3	Trafficking in persons, especially women and children	2	110.8			110.8	110.8		Requested the Office of the United Nations High Commissioner for Human Rights to organize, within existing resources and in close coordination with the Special Rapporteur, a two-day seminar aimed at identifying opportunities and challenges in the development of rights-based responses to trafficking in persons with a view to acknowledging emerging good practices and further promoting the practical application of the Recommended Principles and Guidelines on Human Rights and Human Trafficking, with the participation of Governments, the Special Rapporteur on trafficking in persons, especially women and children, and other relevant special
		23	156.3			156.3	156.3		
		28 E	1.6			1.6	1.6		

Human Rights Council resolutions/decisions		Budget section	Requirements per biennium	2008-2009: Existing provision in the 2008-2009 programme budget	2008-2009: Requirements to be accommodated within the existing appropriation	2010-2011: Requirements to be accommodated within the provision proposed for the biennium 2010-2011 (before recosting)	New	Perennial	Relevant Human Rights Council resolutions/decisions paragraph
									procedures, treaty bodies, United Nations specialized agencies and programmes, regional, intergovernmental and non-governmental organizations, national human rights institutions, academics, medical experts and representatives of victims and to submit a report on the proceedings of the seminar to the Council (para. 9)
11/4	Promotion of the right of peoples to peace	2	110.8	—	—	110.8	110.8	—	Reiterated its request to the United Nations High Commissioner for Human Rights to convene, before February 2010, and taking into account previous practices, a workshop on the right of peoples to peace, with the participation of experts from all regions of the world (para. 11)
		23	74.4	—	—	74.4	74.4	—	
		28 E	1.6	—	—	1.6	1.6	—	
11/8	Preventable maternal mortality and morbidity and human rights	23	73.3	—	—	73.3	73.3	—	Requested the Office of the United Nations High Commissioner for Human Rights to prepare a thematic study on preventable maternal mortality and morbidity and human rights, in consultation with States, the World Health Organization, the United Nations Population Fund, the United Nations Children's Fund and the World Bank, and all other relevant stakeholders, and requested that the study include identification of the human rights dimensions of preventable maternal mortality and morbidity in the existing international legal framework; an overview of initiatives and activities within the United Nations system to address all causes of preventable

Human Rights Council resolutions/decisions		*Budget section*	*Requirements per biennium*	*2008-2009*		*2010-2011*			*Relevant Human Rights Council resolutions/decisions paragraph*
				Existing provision in the 2008-2009 programme budget	*Requirements to be accommodated within the existing appropriation*	*Requirements to be accommodated within the provision proposed for the biennium 2010-2011 (before recosting)*	*New*	*Perennial*	
									maternal mortality and morbidity; identification of how the Council can add value to existing initiatives through a human rights analysis, including efforts to achieve the Millennium Development Goal on improving maternal health, and recommended options for better addressing the human rights dimension of preventable maternal mortality and morbidity throughout the United Nations system (para. 6)
11/9	The human rights of migrants in detention centres	23	29	—	29	—	—	—	Decided to hold a panel discussion on the human rights of migrants in detention centres at its twelfth session, with equitable geographic and gender participation of representatives of Governments, relevant experts and civil society, including national institutions (para. 1)
11/10	Situation of human rights in the Sudan	23	129.2	—	—	129.2	—	129.2	Decided to create the mandate of independent expert on the situation of human rights in the Sudan for a period of one year, who shall assume the mandate and responsibilities set out by the Council in its resolutions 6/34, 6/35, 7/16 and 9/17, requested the independent expert to engage with the newly created human rights forums in the Sudan as well as the human rights sections of the African Union, the United Nations Mission in the Sudan and the African Union-United Nations Hybrid Operation in Darfur and to submit a report to the Council for consideration at its fourteenth session, and requested the

Human Rights Council resolutions/decisions		*Budget section*	*Requirements per biennium*	*2008-2009*		*2010-2011*			*Relevant Human Rights Council resolutions/decisions paragraph*
				Existing provision in the 2008-2009 programme budget	*Requirements to be accommodated within the existing appropriation*	*Requirements to be accommodated within the provision proposed for the biennium 2010-2011 (before recosting)*	*New*	*Perennial*	
									Secretary-General to provide the independent expert with all necessary assistance to discharge the mandate fully (para. 19)
11/12	Intergovernmental Working Group on the effective implementation of the Durban Declaration and Programme of Action	2	362.4	—	—	362.4	—	362.4	Decided to extend the mandate of the Intergovernmental Working Group on the effective implementation of the Durban Declaration and Programme of Action for a period of three years (para. 1)
		28 E	7.3	—	—	7.3	—	7.3	
11/117	Issuance of reports of the Working Group on the Universal Periodic Review in all official languages of the United Nations	2	1 439.8	—	1 439.8	—	—	—	Decided that all the reports adopted by the Working Group on the Universal Periodic Review at its fourth and fifth sessions and the additional information submitted by the States under review before the adoption of the outcome by the Council should be issued as official documents in all official languages of the United Nations prior to the twelfth session of the Council, and requested the Secretary-General to undertake the necessary measures to that effect (para. 1)
	Subtotal		**3 800.1**	—	**1 751.5**	**2 331.3**	**1 832.4**	**498.9**	
	Total		**5 253.0**	—	**1 884.5**	**3 659.0**	**2 834.3**	**824.7**	

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Programme budget for the biennium 2008-2009

Proposed programme budget for the biennium 2010-2011

Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Liabilities and proposed funding for after-service health insurance benefits

Fifth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2010-2011

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the liabilities and proposed funding for after-service health insurance benefits (A/64/366). During its consideration of the report, the Committee met with the representatives of the Secretary-General, who provided additional information. The Advisory Committee also met with the Chairman of the Audit Operations Committee and Director of External Audit, who provided clarification with respect to the recommendations of the Board of Auditors in relation to funding after-service health insurance liabilities by the United Nations system (see paras. 19-22 below).

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2. The report of the Secretary-General is submitted pursuant to paragraph 10 of General Assembly resolution 61/264, in which the Assembly requested the Secretary-General to, inter alia, validate the accrued liabilities and submit a detailed report, with figures audited by the Board of Auditors, on the outcome of the validation and status of the liabilities, as well as additional information on financing options, to the Assembly no later than the main part of its sixty-third session. The Secretary-General indicates that, owing to the comprehensive nature of the requests and the complexity of the underlying elements, the submission of the report was delayed to the sixty-fourth session (A/64/366, para. 24).

3. Annexes I and II of the report of the Secretary-General contain a comparative analysis and an overview of after-service health insurance liabilities and funding initiatives by the United Nations system. The Advisory Committee notes from annex II that, while some entities have funded or partially funded their liabilities, a number of them have not done so, but intend to establish a funding mechanism based on the decision to be adopted by the General Assembly in relation to the funding of after-service health insurance liabilities of the United Nations. The decision to be adopted by the Assembly, therefore, could have a wider impact on the United Nations system. **In this connection, the Advisory Committee recalls its recommendation that the Secretary-General address, on a system-wide basis, the long-term implications and impact of the growth of after-service health insurance liabilities (A/52/7/Rev.1, para. X.25).** The Committee notes, however, that different approaches to fund after-service health insurance liabilities have been adopted within the United Nations system.

4. As requested by the General Assembly in paragraph 13 of its resolution 61/264, section IV of the report of the Secretary-General provides information with respect to measures aimed at reducing the Organization's costs related to health-care plans. According to the Secretary-General, the overall estimated annual savings from initiatives undertaken since 2007 are projected to be between $6 million and $10 million, including those associated with the changes approved by the Assembly to the after-service health insurance provisions for new staff members recruited on or after 1 July 2007 (resolution 61/264, para. 12). In this connection, the Advisory Committee notes the recommendation on cost containment measures by the Joint Inspection Unit (see A/62/541, sect. IV), as well as the comments by the United Nations System Chief Executives Board for Coordination thereon (see A/62/541/Add.1). **The Advisory Committee is of the view that cost containment measures should be further explored by the United Nations system in a coordinated manner.**

II. Updated and validated valuation of after-service health insurance liabilities

5. Information with respect to the updated and validated valuation of after-service health insurance is provided in section III of the Secretary-General's report. Annex IV of the report provides a glossary of terms. It is indicated in paragraph 25 that the value of future after-service health insurance benefits is determined by professional actuaries, taking into account multiple factors, including life expectancy and forecasted escalation in medical costs. These future benefits are then discounted back to today's values by using an appropriate discount rate (see para. 6 below). The resulting amount, which is the present value of future after-service

health insurance benefits, is shown as an accrued liability in the United Nations audited financial statements.

6. The Secretary-General indicates that the valuation of after-service health insurance liabilities is very sensitive to changes in the discount rate (ibid., paras. 28 and 29). For the actuarial valuations in both 2005 and in 2007, a discount rate of 5.5 per cent was used to obtain the present value of future benefits. The Board of Auditors indicated that this choice was in line with the principle of prudence specified in note 2 (a) (ii) to the financial statements and that it also enabled the liability to be more easily compared over time (A/63/5 (Vol. I), para. 120).

7. The General Assembly, in paragraph 10 of its resolution 61/264, requested the Secretary-General to validate the accrued liabilities by using current data and to apply the actuarial methodology prescribed by the International Public Sector Accounting Standards (IPSAS). The Secretary-General reports that, as at 31 December 2007, the updated actuarial value of the United Nations after-service health insurance liabilities across all funding sources was $2,430.9 million, representing the Organization's net liability after offsetting anticipated contributions of $722.7 million from after-service health insurance participants (A/64/366, para. 25). The corresponding amounts, as at 31 December 2005, for the Organization and from the participants were $2,072.8 million and $606.2 million, respectively. A comparison of the components of the accrued liabilities as at 31 December 2005 and 31 December 2007 from all sources of funds is illustrated in paragraph 28 of the report of the Secretary-General, which reflects an overall increase of some 17 per cent in liabilities. The Secretary-General indicates that both valuations were independently determined by a professional actuarial firm using the "projected unit credit" method, which is the actuarial methodology prescribed by IPSAS.

8. In accordance with paragraph 14 of General Assembly resolution 61/264, an independent segregated special account has been established to record after-service health insurance accrued liabilities and account for related transactions. Of the liabilities of $2,430.9 million as at 31 December 2007, $1,821.4 million was attributable to the regular budget, $219.9 million to extrabudgetary funds and $389.6 million to peacekeeping funds (ibid., para. 26). These liabilities were included, respectively, in the financial statements of the United Nations and of the peacekeeping operations. The Secretary-General reports that the Board of Auditors, as part of their audit of the financial statements, validated the after-service health insurance liabilities disclosed therein (ibid., para. 27).

III. Current funding approach for after-service health insurance

9. It is stated in the report (ibid., paras. 21 and 39) that, as in the case of pension benefits, entitlements to after-service health insurance benefits accrue over the working years of staff members. However, unlike pension benefits, which are mostly budgeted and funded in advance and invested until payments to retirees are required, after-service health insurance benefits are not budgeted for in the year when they are earned but are rather funded for in the year in which the benefits are used by retirees. This approach, referred to as "pay-as-you-go", provides sufficient funds to cover current year costs without consideration of accumulated future costs or a reserve.

10. The Secretary-General states that, since its inception in 1967, the after-service health insurance programme has grown in the number of participants and hence in its costs. The programme currently provides coverage to over 8,000 United Nations retirees with some 4,000 dependants globally. The Secretary-General estimates that within the next 10 years, over 45 per cent of current active staff will reach early retirement age, provided they remain in service. In addition, according to the Secretary-General, the recent reform of human resources management to harmonize contracts has resulted in the conversion of over 5,500 staff with appointments of limited duration and no entitlement to after-service health insurance, to fixed-term contracts with potential entitlement to after-service health insurance. The related increase in accrued after-service health insurance liability would be some $18.5 million per year of completed service under the new contracts. The Secretary-General anticipates that the unfunded liabilities and the related budgetary requirements to meet benefit cost will continue to grow as more staff retire and as the cost of medical services continues to rise.

11. Historically, after-service health insurance benefits, irrespective of the funds under which staff retired, were budgeted under the special expenses section of the regular budget, until the biennium 2006-2007 when the costs were funded partially under the regular budget and partially under the peacekeeping support account (ibid., para. 52). A review of the United Nations staff who retired and participated in after-service health insurance within the past 10 years showed that some 77 per cent retired from service under the regular budget, 8 per cent from service under extrabudgetary funds and 15 per cent from service under peacekeeping funds. Given the increasing significance of each of the three components, the Secretary-General proposes that, for the biennium 2010-2011, $8.8 million (after recosting) under extrabudgetary funds be appropriated to cover after-service health insurance benefits, in addition to $105.2 million under the regular budget and $16.4 million under peacekeeping operations. **The Advisory Committee supports the proposal for establishing biennial appropriations to cover after-service health insurance benefits for those who retired from service under extrabudgetary funds** (see para. 29 below). A table on the expenditure for 2006-2007, the appropriation for 2008-2009 and the estimate for 2010-2011 is provided below (see also A/64/6 (Sect. 32)).

(In thousands of United States dollars)

Component	*2006-2007 expenditure*	*2008-2009 appropriation*	*2010-2011 estimate*
Regular budget	79 926.9	89 227.8	105 198.5
Peacekeeping operations	11 342.3	12 900.0	16 410.0
Extrabudgetary funds	—	—	8 752.0

12. In his response to the request by the General Assembly (resolution 61/264, para. 15 (c)) to provide information on differentiated levels of charge as a percentage of salary costs to be applied against different funding sources that would be sufficient to finance after-service health insurance liabilities in a predictable manner without building up a reserve, the Secretary-General suggests that, an alternative could be a charge applied against the cost of salaries of active staff members (common staff costs) across all budgets. Based on the percentage of

retirees under the three sources of funding (see para. 11 above), a charge of some 5.6 per cent would be required against salary costs of the regular budget, 1.2 per cent against extrabudgetary funds and 1.5 per cent against peacekeeping funds. However, the Secretary-General indicates that this does not mitigate the problems associated with the "pay-as-you-go" approach. The Advisory Committee notes from the report that the "pay-as-you-go" approach results in a misalignment of costs and programme activities as retiree benefit costs are shifted to future-year assessments on Member States for expenses classified as "special expenses" rather than being included as common staff costs during the working lives of staff members (A/64/366, para. 43). The Advisory Committee understands that this alternative is put forward by the Secretary-General in recognition of the fact that after-service health insurance benefits are considered a condition of service and, therefore, should be included within common staff costs.

13. The Secretary-General explains, in section V of his report, the advantages and disadvantages for Member States of the "pay-as-you-go" option of after-service health insurance liabilities versus the option of funding those liabilities, as requested by the General Assembly in paragraph 15 (a) of its resolution 61/264. The Secretary-General considers that, while the current approach is less costly in the short term, funding of the liabilities is more economical in the longer term, as investment earnings serve to reduce budgetary requirements. The Secretary-General therefore recommends the adoption of a funding policy for after-service health insurance benefits. The disadvantages of the current approach are:

(a) Increasing budgetary requirements over time as more staff retire and as medical costs continue to increase at rates higher than general inflation;

(b) The increase in unfunded liabilities reflected on the financial statements of the Organization. The 2008-2009 biennial budget of $102.1 million for after-service health insurance costs for all funding sources is projected to increase to over $600 million by the biennium 2036-2037, with a projection of over $11 billion in unfunded liabilities to be reflected in the financial statements by 31 December 2037;

(c) Misalignment of after-service health insurance benefits to future assessments on Member States as special expenses, rather than being included as common staff costs during the working life of staff members. This presents a challenging financing issue in relation to staff who retired from extrabudgetary or peacekeeping activities that have since been discontinued. The misalignment of costs would be obviated if after-service health insurance benefits were funded in the same way as pension benefits (see para. 9 above).

14. The Secretary-General believes that the alternatives to the current approach, namely, partially or fully funding the after-service health insurance liabilities as they accrue, would (a) address both immediate and future costs; (b) enhance the alignment of costs so that the costs of the benefits are incurred under the budgets receiving the services from the employees; (c) reduce the long-term contribution requirements by Member States as investment earnings begin to supplement budgets; and (d) contain the growth of unfunded after-service health insurance obligations from becoming a greater liability on the United Nations (A/64/366, para. 45).

IV. Funding alternatives for after-service health insurance liabilities

15. Taking into consideration the allocation of the liabilities among all funding sources and the demographics of active staff participating in the United Nations health insurance plans, the Secretary-General proposes three funding alternatives, with funding alternative 3 as the recommended one (ibid., paras. 56-71). A comparison of the three alternatives is presented in the table in paragraph 70 of the report, which is reproduced below.

(Millions of United States dollars, unless otherwise indicated)

	Alternative 1				*Alternative 2*				*Alternative 3*			
	Regular budget	*Extra-budgetary*	*Peace-keeping*	*Total*	*Regular budget*	*Extra-budgetary*	*Peace-keeping*	*Total*	*Regular budget*	*Extra-budgetary*	*Peace-keeping*	*Total*
30-year funding goal	75	60	65	70				25	75	60	65	70
One-time infusion									48.5	63.7	312.8	425.0
Charge against salary costs												
Percentage	16.0	6.0	5.5	11.0	5.6	1.2	1.5	3.5	9.6	2.6	1.0	5.5
Amount	299.8	41.7	61.2	402.7	105.2	8.8	16.4	130.4	172.9	18.3	11.0	202.2
2010-2011 pay-as-you-go budget proposal	105.2	8.8	16.4	130.4	105.2	8.8	16.4	130.4	105.2	8.8	16.4	130.4
Estimated additional 2010-2011 budgetary requirements	194.6	32.9	44.8	272.3	105.2	8.8	16.4	130.4	172.9	18.3	11.0	202.2
Estimated total 2010-2011 budgetary requirements	299.8	41.7	61.2	402.7	210.4	17.6	32.8	260.8	278.1	27.1	27.4	332.6
Short-term impact[a] (multiples of pay-as-you-go)	2.8	4.7	3.7	3.1	2.0	2.0	2.0	2.0	2.6	3.1	1.7	2.6
Cross-over biennium[b]				2024-2025				2020-2021				2024-2025
Long-term impact (multiples of pay-as-you-go after cross-over)				0.33				0.75				0.33
Complexity				Complex				Simple				Complex

[a] Impact on 2010-2011 biennium.

[b] Biennium during which contributions will be less than the pay-as-you-go costs projected for that time.

16. The overall goal of the proposed funding alternatives is aimed at (a) stemming the increase in unfunded liabilities by partially or fully funding the annual liabilities accrued as staff members render service; (b) meeting the annual benefits required by the current participants; and (c) progressively funding the $2,430.9 million in unfunded liabilities that have been accumulated from the "pay-as-you-go" approach (ibid., para. 55). The Secretary-General also indicates that in the case of all the

funding alternatives presented, periodic actuarial reviews would be required to determine to what extent funding goals are met or changes required, and to determine whether percentage rates chargeable against salary costs are appropriate in order to attain the funding goals and to ultimately achieve full funding of after-service health insurance liabilities.

17. A brief account of the three alternatives is provided below:

(a) **Funding alternative 1** aims to arrive at an overall funding of 70 per cent of accrued after-service health insurance liabilities in 30 years, with differentiated funding goals (75 per cent for the regular budget, 60 per cent for extrabudgetary funds and 65 per cent for peacekeeping funds). For the biennium 2010-2011, the funding requirements are projected to be $402.7 million, chargeable as common staff costs. The Secretary-General acknowledges that this option is complicated in its structure;

(b) **Funding alternative 2** aims to achieve a funding goal of 25 per cent in 30 years, by doubling the requirements under the "pay-as-you-go" for the first five bienniums, with a view to utilizing half of the resources to pay for current retiree health benefits and the other half to fund a portion of the accrued liabilities. This option is simpler and places less demand on resources in the short term. However, in order to attain higher levels of funding, additional years would be required for the doubling of the "pay-as-you-go" requirements;

(c) **Funding alternative 3** is recommended by the Secretary-General and aims to attain a funding goal of some 70 per cent in 30 years. It consists of an initial one-time infusion of $425 million, as well as systematic funding for the long term to attain progressive levels of funding for the liabilities. For the one-time infusion of $425 million, the Secretary-General proposes (i) a transfer of $290 million from unencumbered balances and miscellaneous income under peacekeeping operations for the financial period 2008/09, with approval for the suspension of financial regulation 5.3; (ii) a transfer of $51.9 million from the compensation reserve fund; and (iii) a transfer of $83.1 million from the medical and dental reserves.

The systematic funding for the long term would require financing for after-service health insurance benefits for the current retirees under the special expense section of the regular budget and under the support account for peacekeeping funds, as well as under the accounts for the support costs of extrabudgetary funds, in addition to a charge against net salary costs to be established to partially fund the accrued liabilities (9.6 per cent for the regular budget, 2.6 per cent for extrabudgetary funds and 1 per cent for peacekeeping funds). For the biennium 2010-2011, the combined total of these two elements would amount to $332.6 million. The Secretary-General indicates that this option would immediately reduce the unfunded liability and establish a funding base to generate investment income.

18. The Advisory Committee notes that the Secretary-General does not propose any funding alternatives that would provide full funding for the after-service health insurance liabilities, as requested by the General Assembly (resolution 61/264, para. 15 (e)), nor does he provide reasons for why certain percentages have been proposed for the three partially funded alternatives. The Committee further notes that, both under the current approach and under funding alternative 3 as recommended by the Secretary-General, biennial appropriations are required for funding after-service health insurance benefits for current retirees (see paras. 11 and

17 (c) above). The Committee's comments and recommendations on the proposed funding alternatives for after-service health insurance liabilities are contained in section VII below.

19. According to the Secretary-General (A/64/366, para. 31), unless funding of the after-service health insurance liability is initiated with the related funds actively invested, the annual cash requirements for after-service health insurance benefits will continue to increase exponentially, putting an ever-increasing strain on future budgets. Upon enquiry, the Advisory Committee was informed by the Chairman of the Audit Operations Committee that, since actuarial valuations took into consideration assumptions based on past experience and these factors affecting the valuations may change in the future, actuarial numbers could vary from year to year. Given that the liabilities involved were so large, any change in the assumptions could have a significant impact on the valuations.

20. The Advisory Committee recalls that the Board of Auditors stated in its report that, despite the significant amount of the total liabilities, the flow of payments with respect to those liabilities would be spread over time, and some funding options would allow for a lessening of the financial impact. Given the projections of retirement of United Nations staff, the growth in expenditure flows should accelerate in upcoming bienniums. The Board considered that it was therefore urgent that a funding plan be adopted (A/63/5 (Vol. I), para. 66).

21. The Advisory Committee met with the Chairman of the Audit Operations Committee and confirmed that accounting for after-service health insurance liability was a different issue from that of funding for it, to which the Committee concurs. The Committee was informed that, while the Board of Auditors had advocated for the disclosure of after-service health insurance liabilities by the United Nations, the Board had not taken a position on funding options for those liabilities, except for (a) entities with limited mandates that were to expire, such as the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia; and (b) voluntarily funded programmes and activities, for which unfunded and growing after-service health insurance liabilities could consume programme funds when voluntary contributions fell short.

22. In the view of the Board of Auditors, it was important for the United Nations to recognize, and to properly and fully account for, all categories of end-of-service and post-retirement liabilities. The Advisory Committee notes from the report of the Board that, as at 31 December 2007, the total end-of-service and post-retirement liabilities amounted to $2.33 billion, which comprised $2.04 billion (87.5 per cent) for after-service health insurance, $0.15 billion (6.5 per cent) for liabilities relating to repatriation benefits, and $0.14 billion (6 per cent) for compensation for unused vacation days (A/63/5 (Vol. I), para. 62).

V. Investment strategy for an after-service health insurance reserve fund

23. The General Assembly also requested the Secretary-General to provide more comprehensive information with respect to an after-service health insurance reserve fund and its investment strategies (resolution 61/264, para. 15 (g)). The Secretary-General indicates in his report (A/64/366, paras. 74-77) that discussions have been

held with the Investment Management Service of the United Nations Joint Staff Pension Fund to explore the potential of utilizing their services to manage after-service health insurance assets. Upon approval of a funding option for after-service health insurance liabilities by the General Assembly, further discussions would be held with the Service to develop a detailed investment strategy, which would be dependent on the approved level of initial infusion of funds, the periodic subsequent contributions and the level of periodic outflows needed to provide after-service health insurance benefits. It is anticipated that the reserve fund would be invested using an appropriately balanced portfolio of equities and debt instruments, to prudently maximize long-term investment returns. **The Advisory Committee is of the view that the Secretary-General should have provided sufficient information in his report with respect to potential investment strategies for an after-service health insurance reserve fund, in particular the administrative costs related to managing such a reserve fund by the Investment Management Service of the United Nations Joint Staff Pension Fund. The Committee recommends that information in this regard be provided to the General Assembly.**

VI. International Criminal Tribunal for Rwanda and International Tribunal for the Former Yugoslavia

24. The updated actuarial valuation of the accrued after-service health insurance liabilities, as at 31 December 2007, was estimated at $13.4 million for the International Tribunal for the Former Yugoslavia and at $27.5 million for the International Criminal Tribunal for Rwanda, based on 6 retirees and 153 active staff of the former, and 28 retirees and 248 active staff of the latter, who are expected to retire with after-service health insurance benefits prior to the closing of the two Tribunals (ibid., paras. 78 and 80). The Secretary-General indicates that since the establishment of the Tribunals as temporary bodies, the liabilities pertaining to after-service health insurance have been accruing but remain unfunded, pending approval by the General Assembly of a funding mechanism (ibid., paras. 79 and 81).

25. The Advisory Committee notes from the reports of the Board of Auditors (A/63/5/Add.11 and 12) that, for both Tribunals, the Board issued a modified opinion with an emphasis of matter on the financial statements for the biennium ended 31 December 2007 in relation to the deficits in the reserves and fund balances of the two Tribunals, owing to the recognition on the face of the financial statements of end-of-service liabilities, including after-service health insurance. The Board observed that no provision had been made for any of the end-of-service and post-retirement benefits totalling $48.09 million for the International Tribunal for the Former Yugoslavia and $65.1 million for the International Criminal Tribunal for Rwanda respectively, which included after-service health insurance, unused annual leave, repatriation benefits and pensions of judges (ibid., paras. 32-43 and 29-40). The Board recommended that the Tribunals develop a financing plan in order to settle end-of-service liabilities relating to staff members at the time of the closure of their operations.

26. In the light of the concerns noted by the Board of Auditors, as well as the current completion strategy date of 31 December 2011 for both Tribunals, the Secretary-General proposes that the accrued liabilities of $15.1 million for the

International Tribunal for the Former Yugoslavia and of $29.7 million for the International Criminal Tribunal for Rwanda, based on an actuarial roll forward as at 31 December 2008, be appropriated in the context of the proposed programme budget for 2010-2011 for the Tribunals. Further, any shortfall in funding the liabilities should be included in the biennial performance report and considered as part of the closing costs of the Tribunals.

VII. Actions to be taken by the General Assembly

27. Actions to be taken by the General Assembly to fund the presently accrued liability for after-service health insurance benefits of the United Nations, the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia, as well as to fund the annual incremental accrual for employees in the active service of those entities, are indicated in paragraph 86 (a) to (d) of the report of the Secretary-General (A/64/366).

28. **The Advisory Committee believes that whether to establish a reserve fund to finance the after-service health insurance liabilities of the United Nations up front or to continue the current "pay-as-you-go" approach is a policy matter for the General Assembly.**

29. **Irrespective of the decision to be taken by the General Assembly for the funding of after-service health insurance liabilities for the long term (see para. 18 above), the Advisory Committee agrees with the Secretary-General's proposals to continue biennial appropriations to cover the cost of subsidy payments in respect of current after-service health insurance participants who retired under the regular budget and peacekeeping budgets, as well as to establish biennial appropriations to cover such costs for those who retired under extrabudgetary funds (see also para. 11 above).**

30. **With respect to the initial funding of $290 million from the transfer of unencumbered balances from peacekeeping budgets for the 2008/09 financial period through the suspension of financial regulation 5.3, the Advisory Committee reiterates its recommendation (A/60/7/Add.11, para. 10, and A/61/791, para. 12) that the transfer of unencumbered balances to entirely alternate uses represents an inappropriate financial management practice. The Committee notes that the transfer proposed by the Secretary-General is for one time, nevertheless, the Committee considers that such a practice could potentially encourage over-budgeting. It therefore recommends against the suspension of financial regulation 5.3 and is of the view that the balance of $290 million in unencumbered balances under peacekeeping operations for the 2008/09 period should be returned to Member States.**

31. The Advisory Committee also recalls its recommendations in connection with the proposed transfers from the compensation reserve and the medical and dental reserves (A/60/7/Add.11, paras. 12 and 13, and A/61/791, para. 13). **In the light of the assurance by the Secretary-General that the transfer of $51.9 million from the compensation reserve fund and $83.1 million from the medical and dental reserves will not endanger those reserves (A/64/366, paras. 67 and 68), the Committee has no objection to the transfer of those amounts to the independent segregated special account approved by the General Assembly (see para. 8 above). Should the General Assembly approve this course of action, the**

estimated after-service health insurance liability would be correspondingly reduced.

32. With respect to the Secretary-General's proposals for funding of current and future after-service health insurance liabilities of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia (ibid., para. 86 (c) and (d)), the Advisory Committee is of the view that the United Nations should have a consistent approach towards the funding of those liabilities. Therefore, the Committee recommends that appropriations be made to cover the cost of current after-service health insurance participants who retired from the Tribunals. Recognizing that the Tribunals have limited mandates, the General Assembly will need to address the long-term after-service health insurance liabilities of the Tribunals in the context of the final performance reports.

Other recommendations by the Advisory Committee

33. The Advisory Committee is of the view that, in considering the after-service health insurance liabilities of the United Nations, the General Assembly may wish to review the scope and coverage of the existing after-service health insurance plans, as well as the contribution levels by the Organization and by the participants.

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Programme budget for the biennium 2008-2009

Proposed programme budget for the biennium 2010-2011

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Capital master plan

Sixth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2010-2011

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the following reports relating to the capital master plan:

(a) Seventh annual progress report of the Secretary-General on the implementation of the capital master plan (A/64/346);

(b) Report of the Secretary-General: proposal for risk mitigation measures to protect data and the information and communications systems of the Secretariat during construction work of the capital master plan (A/64/346/Add.1);

(c) Report of the Secretary-General on proposals for financing the associated costs required for the year 2010 from within the approved budget of the capital master plan (A/64/346/Add.2);

(d) Report of the Board of Auditors on the capital master plan for the year ended 31 December 2008 (A/64/5 (Vol. V));

(e) Report of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its report on the capital master plan for the year ended 31 December 2007 (A/64/368).

During its consideration of the above-mentioned reports, the Advisory Committee met with the Executive Director of the capital master plan project and other

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representatives of the Secretary-General, as well as with members of the Audit Operations Committee, who provided additional information and clarification.

II. Report of the Board of Auditors on the capital master plan for the year ended 31 December 2008

2. In its report on the capital master plan for the year ended 31 December 2008 (A/64/5 (Vol. V)), the Board of Auditors made a series of recommendations related both to the management of the project and to financial issues. The Board has made 11 main recommendations, including two reiterated recommendations, which are set out in paragraph 9 of the report. Of the 11 recommendations, 4 have been implemented, 4 are in progress and 3 were not accepted. A list of the main recommendations and their implementation status is provided below.

3. The Board recommended that the Administration:

	Paragraph	*Status*
(a) Keep the extent of the provision for contingencies under review in the event of future modifications to the scope of the capital master plan;	66	Implemented
(b) Maintain a schedule showing the link between the renovation costs and the (i) actual value of the signed guaranteed maximum price contracts and (ii) estimated value of the guaranteed maximum price contracts to be signed;	68	Implemented
(c) Make provision for delays in the schedule of the project and continue to consider ways to mitigate delays;	78	Implemented
(d) Adhere strictly to the requirements of the Procurement Manual relating to contractual amendments for new works and services;	127	Implemented
(e) Prior to the full implementation of the International Public Sector Accounting Standards, take steps to report in volume I of the financial statements of the United Nations only that portion of capital master plan expenditures that constitutes capital costs as part of construction in progress;	47	In progress
(f) Establish the advisory board for the capital master plan;	102	In progress
(g) Consider ways and means to increase significantly the level of internal control over amendments to contracts relating to the capital master plan;	120	In progress
(h) Oversee strict compliance by the construction manager with its obligations;	90	Ongoing

(i)	Distinguish between the provision for contingencies and that for forward pricing escalation, as was done in the previous presentation of the cost estimate for the project;	55	Not accepted
(j)	Take appropriate measures to regularize the transactions that occurred under the authority granted to the Director of the Procurement Division in accordance with the memorandum of the United Nations Controller and approved on 15 November 2007;	113	Not accepted
(k)	As long as no ex post facto review procedure is secured, make every effort to involve the Headquarters Committee on Contracts in the adjudication process prior to signing or amending contracts that are within the scope of the authority of that Committee.	121	Not accepted

4. The Advisory Committee notes that the long outstanding recommendation concerning the establishment of an advisory board is under implementation. The General Assembly first requested the establishment of an independent and impartial board to advise the Secretary-General on financing matters and to provide advice on overall project issues in its resolution 57/292 (see also A/57/285 and Corr.1, para. 66). The Assembly subsequently requested the Secretary-General to ensure that the advisory board provide the necessary level of technical supervision (resolution 62/87, para. 26). Upon enquiry, the Committee was informed that résumés of candidates for the Chairperson and members of the Board, solicited from the host country and five regional groups, were under review and that the Secretary-General would be in a position to appoint the Chairperson and the members of the Board before the end of 2009. **The Committee expects that the Advisory Board will be established in accordance with the provisions of paragraphs 40 and 41 of General Assembly resolution 63/270.**

5. The Advisory Committee notes that the Secretary-General did not accept the recommendation of the Board of Auditors on the need to distinguish between the provision for contingencies and that for forward pricing escalation (A/64/5 (Vol. V), paras. 55-59). Upon enquiry the Committee was informed that the Office of the Capital Master Plan had decided to merge the provisions for contingency and cost escalation because the risks of inflation had greatly diminished in view of the fact that some $1.242 billion, or 63 per cent of the projected cost of the project, had already been committed. The combined provision for contingency and price escalation was set at 10 per cent for signed guaranteed maximum price contracts and 20 per cent for those which had not yet been finalized. However, the Board questioned the economic factors underpinning the cost estimates and indicated that, without a precise breakdown of the provision for contingencies, it was unable to assess fully the adequacy of the amount set aside for price escalation. The Board also reiterated its previous recommendation, only partially implemented, on the need to detail the economic assumptions used to arrive at the cost estimate for the project and to monitor the evolution of those assumptions and their consequences for the project (ibid., paras. 60-63). **The Committee recommends that the General Assembly request the Secretary-General to provide a more detailed analysis in**

response to the issues raised by the Board and further justifications in support of his decision to combine the provisions for contingencies and inflation (see also para. 24 below).

6. With respect to procurement and contract management (A/64/5 (Vol. V), paras. 106-122), the Advisory Committee notes that procedures were adapted to the specificities of the capital master plan, namely to allow the Secretary-General to take swift decisions in case of contractual amendments in order to ensure adequate procurement planning and avoid costly delays to the project schedule. In that context, the Under-Secretary-General for Management approved, initially for a six-month period, an increase in delegation of authority to the Director of the Procurement Division to cover contract amendments incurring expenditures up to $2.5 million, on the condition that the amendments be subjected to ex post facto review by the Headquarters Committee on Contracts (memorandum approved on 15 November 2007). However, the Chairman of the Headquarters Committee on Contracts considered that ex post facto reviews were not consistent with the provisions of financial rule 105.13 (c), which stipulates that the advice of a review committee is required before final action leading to the award or amendment of a procurement contract may be taken (see A/64/5 (Vol. V), para. 111). Subsequently the delegation of authority was further extended to cover expenditures up to $5 million, but without the review of the Headquarters Committee on Contracts (memorandum of 3 March 2008). As indicated in the Board's report, 26 contractual amendments totalling $19.5 million were executed under the initial delegation of authority and a further 74 contractual amendments, totalling $42.7 million, as a result of the second memorandum, but without the review and the recommendation of the Headquarters Committee on Contracts (A/64/5 (Vol. V), paras. 112 and 118).

7. In his report on the implementation of the recommendations of the Board of Auditors (A/64/368), the Secretary-General disagreed with the Board of Auditors on the requirement for an ex post facto review by the Headquarters Committee on Contracts to regularize the transactions that occurred under the authority granted to the Director of the Procurement Division in accordance with the memorandum approved on 15 November 2007 (see A/64/5 (Vol. V), para. 113). He justified his position on the grounds that: (a) the Board did not indicate non-compliance with the terms of the delegation of authority or any irregular transaction having been performed using that delegation of authority; and (b) that, in granting the higher delegation of authority to the Director of Procurement with respect to the capital master plan, the Under-Secretary-General for Management had revised the monetary value of procurement actions subject to review; the contract amendments concluded under the increased delegation of authority were therefore within the framework of the financial regulations and rules of the United Nations, and related policies and procedures (see A/64/368, paras. 29-31).

8. **The Advisory Committee considers that the Secretary-General's response does not address in a satisfactory manner the concerns raised by the Board of Auditors and the Headquarters Committee on Contracts nor the question of whether adequate control could be exercised over the contractual amendments and the procurement process in the absence of an ex post facto review by the Headquarters Committee on Contracts. In the Committee's view, neither the absence of irregularity in the exercise of the extended delegation of authority, nor the need to avoid administrative delays, nor even the eventual unsuitability of the procedures of the Headquarters Committee on Contracts to specificities**

of the capital master plan or the requirement for a revision of the financial regulations and rules constitute a sound basis for concluding that an ex post facto review of all contract amendments is unnecessary. In this connection, the Committee points out that when the initial extension of delegation of authority was approved, the Under Secretary-General for Management was predisposed to believe that an ex post facto review by the Headquarters Committee on Contracts was necessary. The Committee is of the opinion that the Secretary-General has not put forward a convincing argument for withdrawing the requirement for an ex post facto review.

9. On a related issue, in his response to the recommendation of the Board of Auditors that consideration be given to significantly increasing the level of internal control over amendments to contracts, the Secretary-General indicated that a review committee is to be established in October 2009 for the ex post facto cases resulting from contract amendments and change orders approved under the delegations of authority granted to the Director of the Procurement Division (see A/64/5 (Vol. V), para. 120; A/64/368, para. 35). Upon enquiry, the Advisory Committee was informed that the review committee would carry out ex post facto reviews of all contract amendments, including those already issued under the extended delegation of authority. The review committee would thus constitute an alternative procedure to the ex post facto review of contract amendments by the Headquarters Committee on Contracts. **The Committee urges the Secretary-General to ensure that the terms of reference of the review committee and the procedures put into place for reviewing contract amendments allow for the regularization or review of past transactions, thereby addressing the issue of internal control.**[1] **The Committee trusts that the issues related to procurement and contract management will be resolved expeditiously and that the contract amendments will be regularized or reviewed prior to the conduct of the next audit of the capital master plan by the Board of Auditors. The Committee trusts that the Board will consider the recommendations of the review committee.**

10. **The Advisory Committee emphasizes the need for strict compliance with organizational regulations, rules, policies and administrative procedures. The Committee further stresses that in situations where the views of the Secretariat differ from those of the Board of Auditors, the Secretariat should fully justify its position and provide clear explanations as to why recommendations of the Board cannot be accepted and identify appropriate measures for mitigating any associated risks. The Committee also emphasizes the importance of ensuring that Member States receive full assurance from oversight bodies as to the soundness of the management practices and internal controls of the project so as to provide reasonable confidence that the resources appropriated are protected and that institutional objectives are met.**

11. In addition to the main recommendations discussed above, the Board made some observations on the schedule, relocation, risks to staff and associated costs. In particular, it recommended that the Secretary-General:

(a) Expedite the preparation and approval of the contracts relating to the Secretariat Building;

[1] See A/64/5 (Vol. V), paras. 113 and 120; A/64/368, para. 28.

(b) Expedite the relocation of all staff to avoid aggravating the delay in the start of the work on the Secretariat Building;

(c) Take advantage of the late start of work on the Secretariat Building to make additional checks on the state of the building, particularly regarding asbestos removal, and establish a very rigorous system for checking progress in regard to works and supplies;

(d) Pursue communication efforts with staff members regarding aspects of the capital master plan that will affect their working conditions;

(e) Disclose in the cost estimate for the capital master plan the associated costs approved by the General Assembly.

The Advisory Committee notes that, in his report on the implementation of the recommendations of the Board of Auditors (A/64/368), the Secretary-General indicated that those recommendations have either been implemented or will be implemented by December 2009.

III. Seventh annual progress report on the implementation of the capital master plan

12. In the Secretary-General's seventh annual progress report (A/64/346), he indicated that, since the issuance of the previous report (A/63/477), the capital master plan project had transitioned from the design phase work to actual construction activity and he outlined the progress that has been made with respect to design work and the construction of the temporary North Lawn Building, as well as the relocation of staff to on-site and off-site swing spaces. Design and construction documents incorporating the results of the value-engineering exercises have been completed for some 80 per cent of the work of the project. As of 1 August 2009, guaranteed maximum price contracts have been finalized for 63 per cent of the project, and it is expected that over three quarters of the project will be purchased and committed by the early part of 2010. The current schedule of the capital master plan shows slippage, with the completion of the project projected in late 2013 instead of mid-2013 as stated in the previous report. The Secretary-General expected to minimize delays, however, by accelerating construction and renovation activities and to complete the capital master plan project within the time frame of the leases of the swing spaces. He also affirmed that cost of the capital master plan is closer to the amount budgeted than at the time of the preparation of the sixth annual progress report.

A. Relocation

13. In his report, the Secretary-General provided an update of the number of staff to be relocated in order for renovation to commence and the status of movement of personnel to on-site and off-site swing spaces as of 1 September 2009 (A/64/346, paras. 4, 5 and 8). As indicated, the swing space budget provides for the relocation of 2,773 staff to the off-site swing spaces leased in the 380 Madison Avenue, Albano and United Nations Federal Credit Union (UNFCU) Buildings. A further 811 personnel are to be relocated within the Headquarters complex and a number of interim displacements are also necessary to provide key personnel with ready access

to the Headquarters site and conference facilities. In addition to the relocations relating to the capital master plan project, the Office of Central Support Services continues to provide office space for personnel recruited in relation to the ongoing expansion of activities. The Advisory Committee was informed that the Office of Central Support Services has leased additional space at 730 Third Avenue and 300 East 42nd Street to meet office space needs that have arisen following the approval of the accelerated strategy of the capital master plan in December 2007 and that additional offices have been established in the Alcoa and Chrysler Buildings for the Office of Administration of Justice and the Office of Legal Affairs. The Committee notes that the Office of Central Support Services and the Office of the Capital Master Plan coordinate the planning of the relocations so that each department is treated as a single entity, regardless of funding source.

14. The Advisory Committee was informed that the relocation of departments and offices to off-site swing spaces commenced in the spring of 2009 and is planned to be completed by December 2009. Between 50 and 400 staff are moved each week, taking into account the moves related to the capital master plan as well as those attributable to the expansion of activities and interim displacements for which the Office of Central Support Services is responsible. Upon request, the Committee was provided with a table presenting an overview of the total number of already completed and outstanding moves as of 1 October 2009, including the planned dates for the remaining moves, as well as a breakdown of the moves related to the capital master plan project and those under the responsibility of the Office of Central Support Services (see annex I). The table shows that a total of 3,067 moves have been completed, and that an additional 2,186 staff are to be moved between 2 October and 18 December 2009. The Committee was further informed that the relocations had taken place relatively smoothly and that they would be completed in time for the commencement of the work on the renovation of the Secretariat Building. **The Advisory Committee notes the progress made to date and expects that the planned moves of personnel would be completed as scheduled so as to allow the commencement of the renovation phase. It trusts that the moves will be done in such a manner as to minimize the disruption to the work of the Organization.**

B. Schedule

15. The seventh annual progress report provides the current projection of the schedule of the capital master plan as compared to the projection set out in the previous annual progress report (A/64/346, table 1). The Advisory Committee notes that the completion of the capital master plan project has slipped from "mid-2013" to "late 2013", as a consequence of the delay in the construction of the temporary North Lawn Building, which commenced in mid-2008 rather than early 2008. The main reasons for the delay are set out in paragraph 9 of the report. The Secretary-General indicated that an accelerated schedule has been developed for the renovation of the Secretariat Building, which allows for the completion of the capital master plan project within the time frame of the leases of the swing spaces.

16. In addition, the Advisory Committee notes that there has been a significant change in the project design, with the requirement for the construction of an interim Security Council Chamber in the General Assembly Building, arising from the decision of the Department of Safety and Security against the relocation of the

Security Council to the temporary North Lawn Building. The Committee was informed that, as a consequence, the commencement of the renovation of the Conference Building has been delayed from late 2009 to early 2010, with a potential impact on the renovation timetable for the General Assembly Building, which was to start after completion of the Conference Building, and consequently, on the schedule of the capital master plan project. As indicated in the report (A/64/346, para. 12), the Secretary-General aims to minimize delays by accelerating the renovation of the Conference Building and expects that the renovation of the General Assembly Building will be completed "only slightly behind schedule". The Committee was informed that, in the context of the capital master plan project, which extends over a 60-month period, this corresponds to a delay of approximately four months. Upon enquiry, the Committee was further informed that the decision to maintain the Security Council within the main complex Buildings rather than relocating it to the temporary North Lawn Building was taken in 2008, on the basis of security considerations, and also taking into account the need for larger press facilities than planned, which would in turn lead to increased requirements in terms of space, circulation, security and technological infrastructure. **The Committee regrets that security concerns and space requirements were not duly considered at an earlier stage, and that the decision to maintain the Security Council within the main complex of Buildings had not been part of the initial planning. The timing of that decision demonstrates a lack of sound planning and coordination, which has resulted in delays and additional costs being incurred. The Committee emphasizes the need for intensified coordination and consultation between the Office of the Capital Master Plan and all other key stakeholders in order to ensure effective planning of the project and to avoid, to the extent possible, unforeseen delays and resulting cost escalation.**

17. The Advisory Committee notes that the overall schedule of the capital master plan has already been impacted by the delay in the start of construction activities and is also subject to further delays related to the construction of the interim Security Council Chamber. The Secretary-General affirmed that accelerated schedules for the renovation of the Secretariat and Conference Buildings are being developed in order to minimize delays and adhere to the current schedule as set out in the seventh annual progress report, although he provided few details and little concrete information on how the two four-month delays are to be overcome, or the potential costs and risks associated with the compressed schedule. Furthermore, the timeline of the main activities of the schedule is expressed in somewhat broad and vague terms, at the early, mid or late part of a given year. **The Committee recommends that the General Assembly request the Secretary-General to provide more comprehensive and specific information in future progress reports with respect to project delays, including the range of their cost implications and other potential consequences on the execution of the project, as well as the actions to be taken to manage delays or cost risk effectively.**

C. Value engineering

18. In his previous annual progress report, the Secretary-General indicated that an intensive value engineering exercise, undertaken to seek ways to reduce costs in a way that did not compromise quality or functionality, had resulted in approximately $100 million in cost savings and a corresponding reduction of the $219 million

project deficit (A/63/477, para. 15). In his current report, the Secretary-General indicated that the value engineering exercise has continued and will continue throughout the design and preparatory phases, and that it is also being applied in the context of the procurement of the guaranteed maximum price contracts (A/64/346, paras. 15 and 16). The goal of the value engineering exercise is to achieve a further $100 million or more in additional savings so as to complete the project within or below budget. **The Advisory Committee encourages the Secretary-General to pursue the value engineering exercise so as to maximize savings and the cost-effective use of resources, while ensuring, inter alia, that the quality, functionality and scope of the project are not compromised and that the integrity of the architectural design of the complex is preserved.**

19. The Advisory Committee notes that the Secretary-General has not addressed the requests made by the General Assembly in its resolution 63/270,[2] nor the Committee's recommendations in its previous report on the sixth annual progress report on the capital master plan,[3] in which the Secretary-General was requested to provide a detailed description of the value engineering activities, the related costs and fees and a clarification of the definition of value engineering, including a breakdown of the potential savings to be realized through each value engineering initiative. Upon request, the Committee was provided with a summary of value engineering initiatives and the related estimated savings for each building to be renovated (see annex II). The Secretary-General indicated that it was difficult to distinguish between the savings related to changes in design or to the cost of materials and labour and those attributable to favourable market conditions, and he was therefore not able to provide a further breakdown of the estimated cost savings. **The Committee considers that a detailed analysis and breakdown of such costs is essential for the effective management of resources and to support informed decision-making, as well as for maintaining adequate standards of transparency and accountability for the utilization of resources. Accordingly, the Committee reiterates the above-mentioned recommendations and requests that the requested information be included in the eighth annual progress report on the capital master plan.**

D. Project cost

20. In its resolution 61/251, the General Assembly approved the financing of the capital master plan and decided that the total budget for the project was not to exceed $1,876.7 million. Subsequently, in the fifth progress report on the capital

[2] In its resolution 63/270, part I, para. 4 (a), the General Assembly requested the Secretary-General to include detailed information in his seventh annual progress report on value engineering activities, as well as costs and fees.

[3] A/63/736, paras. 18 and 19; the Committee recommended that the Secretary-General clarify the definition of value engineering to reflect the fact that the exercise entails the realization of cost reductions through a combination of design modifications, the selection of more efficient and/or less expensive alternatives and benefits derived from the changed economic circumstances, and that the Secretary-General also provide a cost estimate of the fees relating to the value engineering programme. The Committee also requested that the Secretary-General specify in the cost estimate of the project the cost of the fees relating to the value engineering programme. It also requested that the Secretary-General include in his seventh annual progress report a detailed description of the value engineering initiatives under way and a breakdown of the potential savings to be realized through each initiative.

master plan (A/62/364 and Corr.1), the Secretary-General presented a new estimate of approximately $2,097 million, more than $219 million above the approved budget, owing to the delayed start of the project. In its resolution 62/87, the Assembly requested that the Secretary-General ensure by all means that the project costs were brought back within the approved budget and approved the Secretary-General's proposal for an accelerated strategy that would result in the completion of the project by 2013. In the sixth annual progress report on the capital master plan (A/63/477), the Secretary-General presented a lower estimate of $1,974 million, a figure which was still, however, about $97.5 million above the approved budget level.

21. The current estimate, as of September 2009, presented in the seventh annual progress report is slightly lower, at $1,968.1 million, some $91.4 million over the approved budget, representing a reduction of $6.1 million as compared to the previous estimate. The updated budget showing the projected changes in renovation costs, swing space costs and options is provided in table 2 of that report. The Advisory Committee notes increases in projected costs under all the renovation and swing space items, representing an overall increase of $47.7 million, from $1,738.9 million to $1,786.6 million. The higher requirements are offset by a decrease in the amount of $53.8 million under the combined provision for contingencies and cost escalation.

E. Guaranteed maximum price contracts

22. With regard to procurement, the Advisory Committee was informed that the renovation work had been split into 22 individual guaranteed maximum price contracts, 14 of which had already been awarded. As indicated in paragraphs 49 and 50 of the seventh annual progress report, the level of funds committed through guaranteed maximum price contracts amounts to $1,223.6 million, or some 62 per cent of the total budget. Thus, a large portion of the costs of the project was procured during the early stages of the economic downturn, at a time when the economic climate was beneficial to the Organization in its efforts to implement the capital master plan within the approved budget. In addition, by locking in prices at current favourable market conditions, the guaranteed maximum price contracts constitute a mechanism for mitigating the risks of cost escalation, in particular with respect to inflation. Upon enquiry, the Committee was informed that an additional $95 million for the Conference Building and $145 million for infrastructure systems, security systems and basement works are to be purchased and committed by the end of 2009 or early 2010, by which time some 80 per cent of the project would have been procured. Upon enquiry, the Committee was informed that the remaining 20 per cent of construction work is not due to commence before 2012, and that the Office of the Capital Master Plan did not deem it advisable to request bids and enter into guaranteed maximum price contracts so far in advance of the commencement of construction activity, since, in all likelihood, the contractors would increase the price of their bids to cover worst-case scenario contingencies and price escalation risks. **The Committee notes the efforts of the Office of the Capital Master Plan and the progress achieved in procurement of the project. It encourages the Office to proceed, where feasible, with the awarding of the remaining guaranteed maximum price contracts for the Conference Building**

and the infrastructure so as to derive maximum benefit from prevailing favourable market conditions.

23. In this connection, the Advisory Committee notes that the Office has implemented the Board's recommendation concerning the need to maintain a schedule showing the link between the renovation costs and the value of the signed guaranteed maximum price contracts as well as the estimated value of the guaranteed maximum price contracts to be signed (A/64/368, paras. 13 and 14). The schedule is updated on a weekly basis and includes a projection of the value of change orders.

F. Economic factors analysis

24. In paragraph 6 of its previous report (A/63/736), the Advisory Committee emphasized the importance of monitoring the evolution of the economic factors and their consequences on the project and requested the Secretary-General to include detailed information on this issue in the seventh annual progress report. **Given the uncertain and fluid economic situation, the Committee believes that a comprehensive analysis of the evolution of economic factors and the assumptions underpinning the cost estimates is an essential means for gaining a better understanding of the risks of the project and would greatly facilitate consideration of this item. The Committee therefore reiterates that request and trusts that detailed information in this regard will be included in the eighth annual progress report (see also para. 5 above).**

G. Cash/interest appropriations and expenditures

25. The status of appropriations and expenditures is provided in the seventh annual progress report (A/64/346, paras. 61 and 62 and table 3). As at 31 August, a total of $1,186.8 million has been appropriated by the General Assembly, an amount of $88.4 million in assessments remained unpaid to the capital master plan for 2009 and prior periods, total expenditures amounted to $872.9 million and an amount of $72,068 remained outstanding to the working capital reserve fund. As indicated by the Board of Auditors (A/64/5 (Vol. V), paras. 20-23), up to and including 2008, the cash requirements of the project were lower than available cash, and this excess of income over expenditures provided the capital master plan fund with significant interest income. The Advisory Committee was informed that, as at 25 September 2009, some $67.7 million in interest had been earned on the funds of the capital master plan and the working capital reserve.

26. The Secretary-General is requesting the General Assembly to appropriate the balance of the capital master plan budget of some $690 million. The Advisory Committee enquired as to the reasons for this request given the favourable cash position of the capital master plan fund. It was informed that the balance of the requirements was required to allow the Organization to enter into commitments and finalize guaranteed maximum price contracts for the remainder of the project.

H. Procurement opportunities for developing countries and countries in transition

27. In the seventh annual progress report, the Secretary-General outlined some of the actions taken in response to General Assembly resolution 63/270 (part I, para. 15) requesting him to explore ways to increase procurement opportunities for vendors from developing countries and countries in transition. The Advisory Committee was informed that, as a result of those actions, some $25 million, or 6.7 per cent of Skanska's total contract value, had been sourced from outside the host country.[4] **The Committee notes the initial results and encourages the Secretary-General to pursue his efforts in response to the requests of the General Assembly in this regard.**

I. Donations

28. The General Assembly, in its resolution 63/270 (see part I, paras. 25-29), decided not to endorse the donation policy related to the capital master plan and requested the Secretary-General to make new proposals in that regard that would allow all Member States to make donations in full conformity with the international and intergovernmental character of the Organization as well as the Financial Regulations and Rules of the United Nations, and without prejudice to the scope, specifications and design of the project. The Secretary-General indicates that a revised donations policy was developed to allow for smaller cash donations either through a joint contribution, involving several Member States, in order to fund the joint "adoption" of a room, or directly to a trust fund without adopting a room. **The Advisory Committee appreciates the efforts made to adapt the policy so as to enable a broader base of Member States to contribute to the capital master plan.**

J. Parking

29. In the sixth annual progress report (A/63/477) the Secretary-General indicated that in order to provide for improved security of the Headquarters complex, certain changes to the garage would be required that would result in the permanent elimination of approximately 350 parking spaces. The General Assembly expressed concern about the existing difficulties with regard to the availability of parking at the United Nations and requested the Secretary-General to ensure that the total number of parking spaces available to Member States would not diminish upon the completion of the capital master plan (resolution 63/270, part I, para. 33). The Advisory Committee notes that the Secretary-General has entrusted the capital master plan design team with reviewing options and that he will report on this matter in the context of the eighth annual progress report.

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[4] Canada, China, France, India, Indonesia, Israel, Japan, Malaysia, Mexico, the Netherlands, New Zealand, the Philippines, Poland, Singapore, South Korea, Sweden, Thailand and the United Kingdom of Great Britain and Northern Ireland.

K. Sustainability

30. In his report, the Secretary-General described progress made in the area of sustainable design, proposing more ambitious targets for three key sustainability initiatives, including a 50 per cent reduction in energy consumption, a 45 per cent reduction in greenhouse gas emissions and a 40 per cent reduction in freshwater consumption (A/64/346, para. 33). A number of additional sustainability initiatives are detailed in paragraphs 34 to 37 of the report. The Advisory Committee welcomes the efforts undertaken by the Secretary-General to ensure that the capital master plan contributes to improvements in the environmental performance of the Headquarters facility. **The Committee requests that the Secretary-General provide, in the eighth annual progress report, in addition to the targets expressed in terms of reduced consumption, estimates of the resulting cost savings and the time frame for the realization of those savings.**

L. Conclusions and recommendations

31. The actions requested of the General Assembly are set out in paragraph 64 of the Secretary-General's report. The Advisory Committee recommends that the General Assembly take note of the progress made since the issuance of the sixth annual progress report and request the Secretary-General to continue reporting on the status of the project, the schedule, the projected cost to complete, the status of contributions and the working capital reserve. **The Committee recommends approval of the Secretary-General's proposals with respect to the appropriation of the remaining balance of $689.9 million towards the construction phases of the capital master plan.**

32. **Updated information on the cash position of the capital master plan fund and the working capital reserve, as well as on the status of contributions and expenditures, should be provided to the General Assembly for its consideration of this question. The Advisory Committee also requests that the Secretary-General report comprehensively on the specific issues highlighted in the preceding paragraphs. Lastly, the Committee emphasizes the critical importance of close cooperation among the key departments involved in the capital master plan at every stage of the project and encourages the Secretary-General to continue monitoring its implementation.**

IV. Proposal for risk mitigation measures to protect data and the information and communications systems of the Secretariat during construction work of the capital master plan

33. The Secretary-General's report (A/64/346/Add.1) provides an update on the implementation of the new secondary data centre pursuant to General Assembly resolution 63/269, in which the Assembly approved the Secretary-General's proposal (see A/63/743) to establish a new secondary data centre for United Nations Headquarters. The new centre is to replace the current secondary data centre in the DC-2 Building in order to mitigate risks during the relocation of the primary data centre from its current location in the Secretariat Building to its new, permanent location in the North Lawn basement. In that resolution, the Assembly also decided

that any further proposal for risk mitigation measures during the construction work of the capital master plan, if necessary, should be reported in the context of the annual progress report on the capital master plan and requested the Secretary-General to submit a unified disaster recovery and business continuity plan, including a permanent solution for Headquarters, to it no later than at the main part of its sixty-fifth session.

34. The Advisory Committee notes that the Secretary-General has engaged the services of a consulting company experienced in data centre relocation projects to provide expert advice in planning the relocation of both the primary and the secondary data centres, as recommended in its report (A/63/774, para. 21).

35. In order to meet the requirements of the construction schedule of the capital master plan, the new secondary data centre must be implemented within the time frame set out in the Secretary-General's report (A/63/743, paras. 20-27 and figure I), which requires completion of the migration of all systems from the current secondary data centre in the DC-2 Building to the new facility by 31 October 2009, so as to allow migration of the primary data centre from the Secretariat Building to the North Lawn basement between 1 November 2009 to 30 March 2010, by which time the Secretariat must be vacated.

36. In view of the strict time schedule and the associated costs attached to any delay in the schedule of the capital master plan, the Secretary-General proposed to lease a commercial data centre facility, starting on 1 July 2009, and to engage the services of the International Computing Centre to install new information and communications technology (ICT) equipment in this ready-to-use facility, migrate all systems to the new secondary data centre and manage some of the operations of the new secondary data centre (see A/63/743). It was anticipated that the Secretariat should enter into a service delivery agreement with the International Computing Centre under financial rule 105.16 (a) (iii) on cooperation with other organizations of the United Nations system. Furthermore, in order to ensure the cost-effectiveness of the services provided by the Computing Centre and achieve a best-value-for-money outcome from the Centre, it was decided that the service delivery agreement process would be managed by the Procurement Division and that the Office of Information and Communications Technology would develop a robust statement of work, with clear deliverables, to be used by the Procurement Division to benchmark estimates provided by the Centre.

37. In his current report (A/64/346/Add.1), the Secretary-General indicated that the International Computing Centre had been unable to meet the Secretariat's schedule for completion of the secondary data centre migration by 1 November 2009. As a consequence, the Secretariat had no option but to implement the project in-house and has set up a dedicated team for that purpose. Despite this setback, which occurred at a late stage of the process, the Secretary-General stated that the project is back on track and will be implemented within the projected time frame.

38. In addition, as a consequence of the inability to contract the International Computing Centre to provide both equipment and services as envisaged under the service delivery agreement, the Secretary-General had to purchase and/or lease all the ICT equipment directly and to realign the resources approved by the General Assembly in its resolution 63/269, as shown in table 1 of the Secretary-General's report. The Committee was informed that the proposed requirement for services remains an estimate pending the renewal of the current service delivery agreement

with the Computing Centre, which expires at the end of 2009 (see paras. 39 and 40 below).

39. The Advisory Committee notes the alternative approach taken in order to meet the requirements of the capital master plan schedule. Upon enquiry, the Committee was provided with additional information on the opportunity costs of implementing the project and running the secondary data centre in-house for the period from 1 July 2009 to 31 December 2011, including: the diversion of skilled staff from priority departmental and enterprise initiatives to constitute a dedicated project team for the migration project; the additional administrative and managerial burden related to the recruitment of individual contractors for temporarily replacing those staff and ensuring sufficient transfer of knowledge for continuity of regular operations; the additional administrative burden on the Procurement Division and the Office of Information and Communications Technology for procuring equipment and software and adapting the funding provided by the General Assembly to accommodate purchase rather than lease of ICT equipment for the data centre; and the additional responsibility for the management of the ICT assets. The Committee was further informed that the International Computing Centre provides ongoing 24/7 monitoring services for both the primary and secondary data centres under the terms of an existing contract, which expires on 31 December 2009, and that the Secretariat would face difficulties in providing those services if the Centre's contract were not to be renewed in a timely manner. **The Committee remains concerned by the risks posed to the project and urges the Secretary-General to continue to closely monitor the situation and to ensure that the activities related to the migration and running of the secondary data centre are completed in accordance with the time frame of the capital master plan.**

40. The Advisory Committee was informed that the inability of the International Computing Centre to meet the Secretariat's schedule was in part due to the time required for conducting the benchmark exercise with respect to the estimates provided by the Centre. **Given the status of the Centre as an interorganizational entity and its long-standing and ongoing working relationship with the United Nations, the Committee had the understanding that workable procedures for setting up contractual arrangements expeditiously with the Centre were in place, within the framework of financial rule 105.16 (a) (iii). The Committee emphasizes that the relationship with the International Computing Centre and the means by which it provides services to the United Nations should be monitored and should be subject to periodic review and vendor appraisal exercises, as well as benchmarking with public and private sector organizations. The Centre should also be evaluated against quality and performance standards in order to ensure that it remains a cost-effective and reliable partner. At the same time, the Committee believes that every effort should be made to ensure that administrative processes are designed to support the offices and departments of the Secretariat in the efficient and timely execution of their projects, rather than hindering progress. The Committee recommends that the General Assembly request the Secretary-General to review the procedures in place and make the necessary adjustments and to report on the measures taken in the context of the annual report on procurement activities.**

V. Associated costs related to the capital master plan

41. The Secretary-General's proposals for financing the associated costs required for 2010 from within the approved budget for the capital master plan (A/64/346/Add.2) was submitted in response to the request of the General Assembly in its resolution 63/270. In that resolution, the Assembly decided not to approve the overall level of associated costs as set out in the report of the Secretary-General on associated costs (A/63/582), bearing in mind opportunities for further cost reductions posed by the economic circumstances at that time as well as savings realized by the Secretary-General. **The Assembly also decided that the approved associated costs for the capital master plan would be financed from within the approved budget of the capital master plan, unless otherwise specified by the Assembly.**

42. In its report on the capital master plan, the Advisory Committee expressed its concern about the way in which the request for additional resources to meet the associated costs has been presented, noting in particular, that a number of the requirements listed in the report did not relate directly to the capital master plan but rather to ongoing capital improvements, which, without prejudice to the relative merits of the requests themselves, should not be considered as associated costs (A/63/736, para. 34). **The Committee believes that those observations remain valid and that associated costs should not be investment costs or long-term commitments.**

43. In his previous report on associated costs (A/63/582), the Secretary-General determined that associated costs estimated at $185,997,400 gross ($176,569,000 net) would be required for the period 2008-2013 for four departments, namely, the Department for General Assembly and Conference Management, the Department of Public Information, the Office of Central Support Services of the Department of Management and the Department of Safety and Security, including $38,191,200 gross ($35,816,700 net) for the biennium 2008-2009. In view of the timing of its consideration of the request, in April 2009, with less than nine months remaining of the 2008-2009 biennium, the General Assembly, in its resolution 63/270, requested the Secretary-General to make every effort to absorb a total amount of 30,272,400 dollars (net) for the associated costs for the biennium 2008-2009 from within the overall budget approved for the capital master plan (see part II, para. 9). In his current report, the Secretary-General proposes an amount of $172 million net[5] for the period 2008-2013, comprising $30,272,400 approved for the biennium 2008-2009, $50,114,100 proposed for 2010 and the remaining requirements of $91,874,900 projected for the period 2011-2013 (A/64/346/Add.2, see table 3). A summary of the resource requirements by budget section and biennium is provided in table 2 of the Secretary-General's report.

44. Upon enquiry the Advisory Committee was provided with an update of the status of expenditures for 2008-2009 pertaining to associated costs as at 30 September 2009, shown in the table below.

[5] The overall amount of $172 million for the associated costs, including $50.1 million for the biennium 2010-2011 for the associated costs, are calculated as net figures, as the tax reimbursement requirements are charged to the tax equalization fund, which is financed from the difference between the gross and the net of assessed contributions.

Table 1
Status of expenditures pertaining to associated costs as at 30 September 2009
(Thousands of United States dollars)

	Approved 2008-2009	*Expenditure as at 30 September 2009*	*Projected expenditure for the period 1 October-31 December 2009*	*Projected unencumbered balance for 2008-2009*
	(a)	*(b)*	*(c)*	*(d)=(a)-[(b)+(c)]*
Department for General Assembly and Conference Management	995.3	648.2	347.1	0.0
Department of Public Information	3 823.1	427.4	3 395.7	0.0
Office of Central Support Services	11 720.1	3 926.9	4 697.1	3 096.1
Construction, alteration, improvement and major maintenance	4 521.6	3 066.3	1 721.3	-266.0
Department of Safety and Security	7 576.3	5 500.5	2 075.8	0.0
Office of Information and Communications Technology	1 636.0	178.0	926.0	532.0
Total (Net)	**30 272.4**	**13 747.3**	**13 163.0**	**3 362.1**

A. Department for General Assembly and Conference Management

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
995.3	648.2	347.1	0	645.6	1 319.2	2 960.1

45. The projected requirements for the Department for General Assembly and Conference Management amount to an estimated $2,960,100 for the duration of the project, essentially under other staff costs. The resources would provide additional support capacity for mission critical meetings and documents management systems during the implementation of the capital master plan project and the relocation of the staff of the Department to multiple locations.

46. An amount of $995,300 was allocated in 2008-2009 to cover the cost of temporary positions equivalent to two Information Systems Officers (P-3) and four Records Management Assistants (General Service (Other level)) for a period of 18 months, as well as five Information and Communications Technology Technicians (General Service (Other level)) for a period of three months. As indicated in the Secretary-General's report (A/64/346/Add.2, para. 5), the Department expects to fully utilize the allocated funds.

47. The estimated resource requirements for associated costs for 2010, amounting to $645,600, would provide for the continuation of six temporary staff positions equivalent to two Information Systems Officers (P-3) and four Records Management Assistants (General Service (Other level)). **The Advisory Committee recommends**

approval of the resources requested for 2010 in the amount of $645,600 to provide additional support capacity during the implementation of the capital master plan on the understanding that every effort will be made to absorb the additional requirements.

B. Department of Public Information

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
3 823.1	427.4	3 395.7	0	30 035.8	—	33 858.9

48. The estimated resources for the Department of Public Information for the period 2008-2013, amounting to $33,858,900, are required for the construction of a permanent broadcast facility. The bulk of the resources ($30,035,800) are required in 2010-2011 for the acquisition of an integrated digital media asset management system to replace the current obsolete broadcast equipment.

49. An amount of $3,823,100 was allocated in 2008-2009, of which $3,505,700 was earmarked to create the selection criteria and a proof-of-concept library for the digital media asset management system and $317,400 was budgeted for the reconfiguration of a radio studio for the new International Broadcast Centre and for the audio-visual archivists to work on the inventory, appraisal, selection, classification, retention, disposal and indexing of audio-visual records. As indicated in the report (A/64/346/Add.2, para. 7), although there have been some technical delays in the work related to the proof-of-concept library, owing mainly to the decision to separate procurement of the digital media asset management system from that of the permanent broadcast facility, the Department expects that the funds allocated for 2008-2009 will be fully committed by the end of 2009, or in the early part of 2010 (see para. 51 below).

50. The Advisory Committee was informed that the acquisition of the permanent broadcast facility and the integrated system is planned for 2010. However, following close consultations between the Department, the Office of Central Support Services and the Office of the Capital Master Plan, it had been decided to procure the new permanent broadcast facility as a design-build rather than a design-bid-build contract, as originally envisaged, and to procure the new permanent broadcast facility through the construction manager for the capital master plan. Under the design-bid-build approach, the project owner contracts with separate entities for the design and construction of the project, whereas under the design-build approach, the design and construction aspects are contracted with a single contractor. The Committee was informed that the design-build approach to project delivery allows (a) limiting the risks to the project owner since design and construction work is contracted to the same entity; and (b) reducing project execution time by breaking up the construction project into manageable components and overlapping the design and construction phases of the various components.

51. The Advisory Committee was informed that the procurement of the permanent broadcast facility had been restructured into three separate procurement actions, each of which is treated as a separate design-build contract. The funds allocated for

design consultancy in 2009 ($3,505,700) would be incorporated into these separate contracts. The Committee was provided with a detailed schedule for the procurement actions, in which the completion of the procurement of the digital asset management broadcast automation system is projected during the first quarter of 2010 (see annex III).

52. Upon enquiry as to the reasons for the selection of the construction manager for the capital master plan for the permanent broadcast facility project, the Advisory Committee was informed that this choice would allow increased efficiencies while mitigating the potential risks and duplications, given the fact that the construction manager for the capital master plan has the overall responsibility for ensuring that all the components of the plan are fully integrated, constructed and deployed according to schedule.

53. **The Advisory Committee recognizes the need to modernize the antiquated equipment of the permanent broadcast facility and therefore recommends approval of the $30,035,000 requested in 2010 for the acquisition of the facility and equipment. It trusts that the procurement of the new permanent broadcast facility using a design-build approach through the construction manager for the capital master plan will allow the Department to make up the delays already experienced during the design phase and that every effort will be made to seek further cost efficiencies and to absorb the additional requirements.**

C. Office of Central Support Services

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
11 720.1	3 926.9	4 697.1	3 096.1	6 141.3	66 727.1	84 588.5

54. The Advisory Committee notes that, effective 1 January 2009, the Information Technology Services Division was transferred from the Office of Central Support Services to the Office of Information and Communications Technology. Accordingly, in the current report the resources related to the requirements of the Information Technology Services Division are presented under the Office of Information and Communications Technology.

55. The resources required for the Office of Central Support Services for the duration of the renovation project are estimated at $84,588,500. The bulk of that amount ($66,727,100) will be required during the period 2011-2013 to purchase furniture and equipment to fit out the renovated premises. During the first years of the capital master plan project, the resources will be required, inter alia, to manage logistical activities of the moves to swing spaces with regard to asset tracking, asset disposal, archive and record-keeping, supporting the continuation of audio and videoconferencing services, migration of conference support systems and ensuring the maintenance of the swing spaces.

56. For 2008-2009, a total amount of $11,702,100 was provided under general temporary assistance, contractual services, general operating expenses and furniture and equipment. As indicated in the report (A/64/346/Add.2, para. 11), the projected expenditure for 2008-2009 would amount to $8,624,000, resulting in under-

expenditure of $3,096,100, comprising $1.8 million in savings arising from various delays and $1.3 million to be rephased to future periods.

57. The Office of Central Support Services proposes an estimated $6,141,300 for 2010, comprising general temporary assistance ($1,600,900), contractual services ($414,300), general operating expenses ($1,527,500), furniture and equipment ($2,598,600). The Advisory Committee notes that the Office is requesting the 11 positions proposed in the previous report. In its resolution 63/270, the General Assembly authorized establishment of 7 of the 11 positions, owing in part to the limited time remaining in the biennium.

58. At the time of its consideration of that request, the Advisory Committee expressed some reservations about the level of temporary assistance proposed, in particular as regards one P-3 position for an Information Technology Officer to provide system support for some conference support systems. The Committee was of the view that the Secretary-General should take advantage of the integration of ICT services under the Office of Information and Communications Technology to centralize all ICT functions related to the capital master plan (A/63/736, para. 47). During its meetings with the representatives of the Secretary-General, the Committee reiterated those concerns and sought further justification for the requirement for the Information Technology Officer position. However, the Office maintained its position that the functions of that position did not fall within the purview of the Office of Information and Communications Technology.

59. **The Advisory Committee urges the Secretary-General to ensure that the expenditures related to the management of logistical activities during the relocation should be limited, to the extent possible, bearing in mind the need to absorb the costs within the overall budget of the capital master plan. The Committee continues to have reservations about the level of temporary assistance requested by the Office of Central Support Services and considers that further efforts could be made to accommodate the functions of the P-3 position for the Information Technology Officer from within existing resources. Accordingly, the Committee recommends approval of the additional $6,141,300 requested for 2010, except for the aforementioned position for the Information Technology Officer (P-3).**

D. Construction, alteration, improvement and major maintenance

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
4 521.6	3 066.3	1 721.3	(266.0)	2 289.1	1 500.0	8 310.7

60. For 2009, a total amount of $4,521,600 was provided under construction, alteration, improvement and major maintenance to cover the costs of the archive expansion project ($2,443,500) and for security and safety-related equipment ($2,078,100). As indicated in the report (A/64/346/Add.2, para. 14), the cost of the archive expansion project exceeds the initial budget, leaving a shortfall in the amount of $266,000, which is to be absorbed from within the existing resources of

the Office of Central Support Services. The Secretary-General expects to fully utilize the amount approved for safety and security equipment.

61. The estimated resources proposed for 2010, amounting to $2,289,100, is to provide security and safety-related equipment in relation to the management and monitoring of security in the capital master plan-related swing spaces. **The Advisory Committee recommends approval of the Secretary-General's proposals.**

E. Department of Safety and Security

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
7 576.3	5 500.5	2 075.8	—	10 358.3	21 033.4	38 979.0

62. The projected requirements for the Department of Safety and Security amount to an estimated $38,979,000 for the duration of the project, essentially under other staff costs. The bulk of the resources are required for the temporary security contingent to provide security coverage in accordance with minimum operating security standards to swing space locations and construction activity at the North Lawn and the Secretariat Buildings.

63. A total amount of $7,576,300 was approved in 2008-2009 to provide for 64 general temporary assistance positions ($5,660,000), contractual services ($288,300), general operating expenses ($146,800) and supplies and materials ($1,480,900). The Department expects to utilize the totality of the resources provided by the end of 2009.

64. For 2010, the Department proposes resources amounting to $10,358,300, of which $9,849,800 would be required to provide for the temporary security contingent, comprising a total of 107 general temporary assistance positions as follows: 8 Professional positions (1 P-5, 2 P-4 and 5 P-3), 6 General Service (Other level) positions and 93 Security Officer positions. The functions of these general temporary assistance positions are set out in the report (A/64/346/Add.2, para. 27). Upon enquiry, the Advisory Committee was informed that the related resource requirements had been calculated on the assumption of full incumbency.

65. The Advisory Committee notes that the Department is resubmitting its request for 107 general temporary assistance positions, as proposed in the previous report of the Secretary-General on the associated costs of the capital master plan (A/63/582, para. 21). In its related report, the Committee made some observations on the number and levels of positions proposed (A/63/736, paras. 54-57), taking the view that the requirements may have been overstated and had recommended a reduction in the resources requested for general temporary assistance. In particular, the Committee suggested that reduced requirements for security in the Secretariat and Conference Buildings during the renovation could allow for the redeployment of some existing staff and lower the number of new positions required for security officers. The Committee also requested information detailing the basis for the Department's determination that it would need an additional 93 security officers for

the duration of the capital master plan as well an indication of the deployment of current and proposed additional security officers by location.

66. **The Advisory Committee notes that in resubmitting its earlier proposal the Department did not address any of those concerns or provide additional justification in support of its request for additional resources.** Upon request, however, the Committee was provided with additional information detailing the utilization of existing resources during the renovation period, the backstopping positions required for overall operations and the resources required for the coverage of swing spaces and other locations (see annex IV).

67. In this connection, the Advisory Committee points out that the Secretary-General is to present to the General Assembly during the current session a report on the outcome of a management review of the Department of Safety and Security, recommended by the Independent Panel on Safety and Security, along with his recommendations for a comprehensive safety and security policy framework at the United Nations, which will also address the aspects of the structure, staffing, activities and working methods of the Department (see A/64/6 (Sect. 34); A/63/605). Pending the outcome of the management review and the determination of the programmatic and resource implications, the Secretary-General has submitted a preliminary proposed budget for the biennium 2010-2011. The detailed proposed budget for section 34, Safety and security, for the biennium 2010-2011 is to be submitted to the General Assembly for its consideration at its sixty-fourth session.

68. The Advisory Committee considers that the Department's proposals for a temporary security contingent to provide security coverage during the construction phase of the capital master plan project should be considered in the context of the outcome of that management review, which will presumably provide an assessment of the overall functioning of safety and security services, as well as the extent to which a more intensive recourse to technological systems could reduce requirements for 24/7 coverage, and a better understanding of the potential for achieving further efficiency gains.

69. **The Advisory Committee recommends that the General Assembly request the Secretary-General to closely review the requirements for additional safety and security services related to the capital master plan in the light of the above-mentioned considerations and, furthermore, that he seek all possible means for maximizing efficiencies, including through intensified use of host country support capacity, in order to reduce the requirements for temporary Security Officer positions. The Committee will consider the Secretary-General's proposals related to the provision for the temporary security contingent, comprising a total of 107 general temporary assistance positions, at the time of its consideration of the proposed programme budget for 2010-2011 for section 34, Safety and security. Accordingly, the Committee recommends approval of general temporary assistance and related non-post resources to provide for the continuation of the 64 general temporary assistance positions already in place. The Committee also recommends approval of the other non-post resources, which are not related to the general temporary assistance positions.**

F. Office of Information and Communications Technology

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
1 636.0	178.0	926.0	532.0	644.0	1 295.2	3 575.2

70. The Advisory Committee notes that the Office of Information and Communications Technology was established on 1 January 2009, at which date the Information Technology Services Division was transferred to that Office from the Office of Central Support Services (see also para. 54 above).

71. The projected requirements for the Office of Information and Communications Technology amount to an estimated $3,575,200 for the duration of the project. The bulk of the resources are requested for contractual services to support the migration of applications. The Advisory Committee was informed that these resources were required in connection with the migration of the current primary data centre from the Secretariat Building to the new primary data centre in the North Lawn Conference Building and were not related in any way to the requirements of the new secondary data centre (see A/64/346/Add.2).

72. A total amount of $1,636,000 was allocated in 2008-2009 to provide for: contractual services for a six-member team to support the migration of applications ($1,519,700); general temporary assistance to cover the cost of temporary positions equivalent to two Information Technology Assistants positions (General Service (Other level)) in the Logistics Unit for the removal and management of information technology equipment ($92,300); and consultancy services related to the applications migration planning strategy ($24,000). The Secretary-General projects an estimated unencumbered balance of $532,000 at the end of 2009 owing to delays in the recruitment of the migration team due to unforeseen complications with the renewal of contract of the service provider (see para. 40 above). The Advisory Committee was informed that this amount will be needed to support migration efforts in early 2010 as the migration of the primary data centre is expected to be completed by March 2010.

73. An amount of $644,000 is proposed for 2010 to provide for the continuation of two Information Technology Assistants positions (General Service (Other level)) in the Logistics Unit ($160,800) and contractual services to support information technology infrastructure and help desk requirements in the swing spaces and the temporary North Lawn Building ($483,200).

74. Upon enquiry, the Advisory Committee was informed that the Logistics Unit of the Office of Information and Communications Technology, which is responsible for Secretariat-wide computer equipment, has an overall staffing of six positions, including three positions dedicated to data dismantling or destruction of computer equipment, including the two Information Technology Assistants positions that are proposed to be continued. The Office indicated that these positions are required to deal with the workload of the Unit, which is expected to grow in 2010 as departments return obsolete equipment to inventory. The two Information Technology Assistants positions are currently filled.

75. **The Advisory Committee recommends approval of the resources requested for 2010 in the amount of $644,000 on the understanding that every effort will be made to absorb the additional requirements.**

G. Other

Presentation

76. **The Advisory Committee found that the report of the Secretary-General on the associated costs of the capital master plan did not provide adequate detail to enable it to make an informed consideration of the resource requirements nor an assessment of the utilization of the resources already provided. The Committee points out that the requirements for the associated costs of the capital master plan are to be submitted on an annual basis over the duration of the multi-year project. It is important, therefore, to provide the General Assembly with a clear understanding of the objectives and tasks to be accomplished over the duration of the project, how they are related to the overall capital master plan project and the linkages and dependencies between the various activities. The report should also have provided more specific information on actual performance, including the utilization of resources and the activities completed so as to provide a clear picture of the progress made and outstanding requirements.**

77. **The Advisory Committee also noted, in several instances, that the concerned departments/offices did not take into account the observations made in its previous report (A/63/736) nor did they respond to some specific requests for information. The Committee has pointed to such instances under the relevant items in the paragraphs above. It trusts that in future due attention will be paid to diligently addressing such requests and to providing appropriate explanations should it not be possible to submit the requested information.**

Coordination

78. In its resolution 63/270, the General Assembly decided that the approved associated costs for the capital master plan would be financed from within the approved budget for the plan. The Advisory Committee notes that according to the current estimates of the capital master plan, the project is approximately $92 million above the approved budget level and that the remaining requirements for associated costs of the plan are currently estimated at over $140 million.

79. **The Advisory Committee emphasizes that a concerted and sustained effort will have to be made by the relevant departments/offices throughout the duration of the capital master plan project to seek efficiencies and opportunities to reduce costs and to take advantage of favourable market conditions, as well as rigorous project planning and management, strict cost control and avoidance of delays and cost escalation. In addition all concerned departments/offices should coordinate closely with the Office of the Capital Master Plan in order to maximize the realization of cost reductions through the selection of more efficient and/or less expensive alternatives and benefits derived from the changed economic circumstances.**

80. Upon enquiry as to the accountability for associated cost expenditures, the Advisory Committee was informed that the respective departments determine the requirements for associated costs, that the Programme Planning and Budget Division ensures that the costs are distinct and not duplicated in the regular budget and that the Office of the Capital Master Plan ensures that the costs are not covered under the budget for the plan, including evaluating the technical feasibility of implementing the requirements within the overall project. The accountability for the implementation of the activities and the use of the resources approved under the associated costs (expenditures) rests with the respective departments. **In the Committee's view, this situation is not conducive to effective coordination and project management nor to the early identification and rapid resolution of issues. The Committee points out that some of the activities in question, such as the implementation of the secondary data centre, the migration of the applications for the transfer of the primary data centre to the North Lawn Conference Building and the construction of the permanent broadcast facility are on the critical path of the capital master plan project timeline, and that any delays could have significant cost implications.**

81. **The Advisory Committee believes that effective coordination of the whole range of activities associated to the capital master plan will be required, along with clear lines of responsibility and accountability, if the capital master plan project is to be completed within the approved budget. It is of the opinion that responsibility for the coordination of these activities should be given to a senior official, such as the Under-Secretary-General of Management, who has the authority and proven managerial and leadership ability to exercise effective coordination across the multiple departments and offices involved in the project. Consideration should also be given to designating a focal point who would monitor progress and resolve issues on a day-to-day basis, bring unresolved issues to the attention of the relevant decision makers, coordinate the production of the reports of the Secretary-General on associated costs and report to the aforementioned senior official.**

VI. Conclusion

82. In paragraph 30 (a) of his report (A/64/346/Add.2), the Secretary-General recommends that the General Assembly approve the continued funding of associated costs for 2010 from within the approved budget of the capital master plan.

83. In paragraph 30 (b) of that report, the Secretary-General recommends that the General Assembly approve the total associated costs for 2010 in the amount of $50,114,100 net. **In the light of the observations and recommendations set out in the preceding paragraphs, the Advisory Committee recommends approval of a total amount of $45,841,700 net broken down as follows:**

(a) **$645,600 for the Department for General Assembly and Conference Management;**

(b) **$30,035,800 for the Department of Public Information;**

(c) **$6,009,500 for the Office of Central Support Services;**

(d) **$2,289,100 for construction, alteration, improvement and major maintenance activities at Headquarters;**

(e) **$6,217,700 for the Department of Safety and Security;**

(f) **$644,000 for the Office of Information and Communications Technology.**

Annex I

Summary of moves[a]

	Moved to date			*Still to move*																			
				2 Oct.		**23 Oct.**		**30 Oct.**		**6 Nov.**		**13 Nov.**		**20 Nov.**		**27 Nov.**		**4 Dec.**		**11 Dec.**		**18 Dec.**		
	CMP[b]	FMS[b]	**Total**	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	**Total**
305 East 46th Street	728	0	728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
UNFCU Building	107	0	107	0	0	0	0	0	0	0	0	0	0	0	0	0	0	151	0	0	0	0	0	**151**
380 Madison Avenue	1 524	266	1 790	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**45**
Dag Hammarskjöld Library	92	0	92	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
North Lawn Conference Building — Office	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	194	0	78	0	**272**
Secretariat Building	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23	0	0	0	0	0	0	0	0	**23**
DC1	0	19	19	0	0	0	41	0	31	0	57	0	0	0	102	0	0	0	217	0	0	0	0	**310**
DC2	0	70	70	0	0	0	0	0	31	0	0	0	15	0	0	0	0	0	0	0	0	0	0	**46**
300 East 42nd Street	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	380	0	0	0	0	**440**
Forty-fifth Street Building	0	0	0	0	0	0	0	0	110	0	0	0	0	0	293	0	0	0	0	0	0	0	0	**403**
Teachers' Building	0	0	0	0	0	0	0	0	0	0	0	0	61	0	0	222	111	0	0	0	0	0	0	**394**
Daily News Building	40	0	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
UNITAR Building	0	55	55	0	0	0	0	0	0	0	0	0	24	0	0	0	0	0	0	0	0	0	0	**24**
Miscellaneous	166	0	166	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total	2 657	410	**3 067**	45		41		172		57		100		418		333		748		194		78		**2 186**
																							Total	**5 253**

[a] These numbers do not include internal basement moves.

[b] CMP: capital master plan; FMS: Facilities Management Service.

Annex II

Value engineering: summary

A. Conference and General Assembly Buildings

1. Simplify some lighting fixtures: ($3.4 million)

2. Repair roofs where possible; replace as alternate: ($2 million)

3. Reuse underfloor raceways: ($1.1 million)

4. Leave major ceilings in place: ($0.8 million)

5. Reduce the number of phases for the capital master plan and relocate the broadcast facility: ($17.5 million)

   Undertake the construction in the Conference Building as a single phase: prior to this effort the Conference Building was to have been renovated in two phases, levels 1-B and 1, then levels 2 through 4, which was coordinated with the quantity of swing space in the planned North Lawn Conference Building.

6. Modification of the reconfiguration of the conference rooms and associated booth spaces: ($3.2 million)

   The original programme and scope identified an overall approach to the spaces which meant that they needed to be significantly altered to meet functional requirements. By working closely with various United Nations user groups the extent of the reconfigurations was reduced, while all functional requirements and international standards were maintained.

B. Infrastructure and basements

7. The reduction in the phased approach to the renovation of the campus (Secretariat Building in one phase and the Conference Building in one phase), allowed for the consolidation and reduction of the work on several infrastructure elements, including:

   (a) Separate chiller plants: ($4.3 million). Electric chillers were incorporated into the main chiller plant;

   (b) Temporary domestic water booster pumps will not be needed;

   (c) Temporary electric sub-stations will not be needed.

8. Reduced redundancy: re-examination of the design of back-up systems:

   (a) Simplification of generator design: ($2.3 million);

   (b) Removal of main cross connection on sixth floor and dual-homed telecom backbone cabling: ($5.5 million);

   (c) Reduction in the number of telephone switching rooms per floor: ($3 million);

   (d) Building management system to be run on independent cabling rather than on a structured cabling system: ($2 million).

9. Back-up cooling for the new technological centre: ($4 million)

   (a) Cost of evacuation of the sub-grade air-cooled chiller in the North Lawn Building removed;

   (b) Separate air-cooled chiller plants removed, to be replaced by one electric chiller on emergency power;

   (c) Cost of the air-cooled chiller removed.

10. Reuse existing systems if they are in a satisfactory condition:

   (a) Some print shop lighting, electrical bus duct, ductwork and basement shop configurations: ($3.6 million);

   (b) River water piping: ($1.7 million);

   (c) Parking garage lighting.

11. Re-design electrical distribution to 480 volts: ($2.5 million)

12. Use Con Ed steam for humidification, where required: ($2.4 million)

13. Meet (not exceed) code requirements for sprinkler and fire protection: ($3.4 million).

C. Secretariat

14. Reduction in the number of phases for the renovation will:

   (a) Eliminate the need for advance work to create new riser shafts while the building is occupied;

   (b) Eliminate the need for temporary services.

15. Changing the heating, ventilating and air conditioning system from an all-air system to a combination of air and water will:

   (a) Eliminate structural "beam cuts" (and reinforcing of the steel structure) that were needed for the "all air" distribution: ($8.7 million);

   (b) Eliminate the need for new structural slab openings and the closing of old slab openings for primary air duct risers and the need for constructing a new penthouse at rooftop for new mechanical equipment that was also eliminated: ($4 million). The elimination of the penthouse and rooftop equipment resulted in the elimination of the need for new column reinforcements on the high rise floors to support new loads;

   (c) Reuse piping, ductwork and shafts, where possible: ($7.5 million):

      • Simplify the design of above-ceiling systems to reduce the need for reconfiguration: ($1.3 million).

16. The re-examination of design details included the following cost-saving measures:

   (a) Use convention partitions, where required, rather than demountable glass partitions: ($4 million);

(b) Provide painted steel toilet partitions in lieu of stainless steel: ($0.4 million);

(c) Eliminate glass tiles in the bathrooms and replace with standard ceramic tiles: ($0.4 million);

(d) Reduce the level of lighting being provided for typical office spaces to current industry standards, reduce the number of lighting fixtures required and improve sustainability: ($0.5 million);

(e) Use J-hooks rather than cable trays above ceilings: ($2.9 million);

(f) Reduce the number of required curtain wall mock-ups: ($2.7 million);

(g) Make minor changes in the design of the curtain wall: ($2.5 million);

(h) Smaller design changes:

(i) Eliminate custom metal ceiling splay at curtain wall and replace with fibreglass reinforced gypsum splay units;

(ii) Maintain existing offices for Assistant Secretaries-General and Under-Secretaries-General, where reusable;

(iii) Eliminate custom sliding pocket doors in focus booths, high-end glass partitions and custom glass walls for elevators, lobby, and vestibules;

(iv) Provide bathroom fixtures to meet the number required by code, rather than increasing the number;

(v) Use standard rather than custom mirrors and light fixtures in the bathrooms;

(vi) Change to "standard" fan coil unit enclosures in lieu of custom units;

(vii) Simplify all doors by eliminating transoms (transoms to be used in public spaces only).

17. The total amount to be saved is $100.8 million, although items are actually integrated during the design process and cannot be isolated from one another.

18. Value engineering is a continuous process, which will be considered as part of all design reviews.

Annex III

Schedule for the procurement of the digital media asset management system and broadcast automation system

June 2009:	In consultation with all relevant parties, including the participation of Skanska and Vantage, a decision was made to split the procurement of the digital media asset management system and the permanent broadcast facility
August 2009:	Expressions of interest were issued for the digital media asset management system and the permanent broadcast facility in order to prequalify vendors. The Office of Central Support Services elaborated a methodology for the development of selection criteria. Three consultants were engaged by the Department of Public Information to develop detailed and specialized functional requirements for the digital media asset management system applicable for the Department's broadcast production and dissemination workflows
Early October 2009:	Prequalification of vendors applying for the expressions of interest
Mid-October 2009:	Consultants for the Department of Public Information will submit deliverables for incorporation into the draft requests for proposal, which the audio-visual consultant for the capital master plan is developing for the two separate but interlinking systems (permanent broadcast facility and digital media asset management system). The Office of Central Support Services will submit deliverables for incorporation into the same draft requests for proposal that is being developed by the audio-visual consultant for the capital master plan
November 2009:	The audio-visual consultant for the capital master plan will issue the two requests for proposal for the permanent broadcast facility and the digital media asset management system
December 2009:	Internal purchase orders will be issued in December, closely followed by change orders, which will be issued to Skanska and will continue into the first quarter of 2010 to procure the digital media asset management and broadcast automation systems
First quarter 2010:	Procurement of the digital media asset management system and the broadcast automation system; related equipment for the proof-of-concept pilot to be deployed in the North Lawn Conference Building

Annex IV

Department of Safety and Security

A. Support security functions ("back-stopping posts") required for overall operations

1. Backstopping:		
Special Security Unit	6	
Pass and Identification Unit	2	
Physical Security Unit	6	
Training and Development Unit	11	
Emergency Response Unit	12	
Counter-Surveillance Unit	4	
Security Control Centre	21	(24-hour posts)
Mail screening	2	
Residence of the Secretary-General	14	(24-hour posts)
Armoury	5	
Canine Unit	8	
Fire Unit	14	
Crisis Management Unit	3	
Local Threat and Risk Unit	1	
Strategic Planning Unit	4	
Events Planning Unit	2	
Scheduled meetings coverage	1	
Subtotal	**115**	
2. Core:		
Current annex buildings	22	
Pedestrian access control (Headquarters for construction and United Nations staff)	71	(Some 24-hour posts)
Vehicular access control (Headquarters for construction, printing, parking and catering)	35	(Some 24-hour posts)
Subtotal	**128**	
Total	**243**	

B. Posts that will relocate with functions to alternate locations during construction

Pre-capital master plan		*During capital master plan*
Secretary-General Protection Officer	14	North Lawn Conference Building
Secretary-General Detail Supervisor	4	
VIP Protection Officer	3	
Delegates Lounge	6	
38th floor access	3	
President of the General Assembly	2	
President of the Security Council	2	
General Assembly neck 1st Floor	2	Active during construction, however moves between the Conference Building and the General Assembly Building based on the phasing with the North Lawn Conference Building
Information desk	4	
Visitors screening	12	
Watch tour and gifts patrol	5	
3rd Floor General Assembly neck	3	
Security Operations Centre	10	Move to the General Assembly Building during renovation of the Conference Building and return when completed
Scheduled meetings coverage	1	
Total	**71**	

C. New posts required for coverage due to the capital master plan

305 East 46th Street	10 (24-hour coverage)
380 Madison Avenue	28 (24-hour coverage)
UNFCU: Long Island City	5
North Lawn Conference Building: construction fence	4
42nd Street and 3B: service drive construction access	9
3B: construction corridor patrol	2
43rd Street: construction access	7
North Lawn Conference Building: perimeter gate construction access	11
48th Street and 3B: service drive construction access	4
Canine Officer	9
Physical Security Supervisor	2
Safety Supervisor	2
Total	**93**

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Programme budget for the biennium 2008-2009

Proposed programme budget for the biennium 2010-2011

Administrative expenses of the United Nations Joint Staff Pension Fund

Seventh report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2010-2011

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the United Nations Joint Staff Pension Board on the administrative expenses of the United Nations Joint Staff Pension Fund (A/64/291) and the report of the Secretary-General on the administrative and financial implications arising from the report of the United Nations Joint Staff Pension Board (A/C.5/64/2). In addition, the Committee had before it a note by the Secretary-General on the membership of the Investment Committee (A/64/103). During its consideration of the report, the Advisory Committee met with the Chairman of the Pension Board, the Chief Executive Officer of the Fund and the Representative of the Secretary-General for the Investments of the Fund.

2. The report of the United Nations Joint Staff Pension Board (A/64/291) contains the revised appropriation and performance report for the biennium 2008-2009, the proposed budget estimates for the biennium 2010-2011 and a proposal for authorization to supplement contributions to the Emergency Fund for the biennium 2010-2011 by an amount not exceeding $200,000. Annex VII of the report summarizes the discussion in the Pension Board on the revised appropriations for the biennium 2008-2009 and estimates for 2010-2011. Section V of the report contains the actions to be taken by the General Assembly.

3. As shown in annexes X and XI to the report of the Pension Board, there were 22 member organizations of the United Nations Joint Staff Pension Fund at 31 December 2008, with a combined total number of 172,749 active participants,

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retirees and other beneficiaries covered by the Fund. With the admission of the Special Tribunal for Lebanon as a new member organization of the Pension Fund effective 1 January 2009 (see General Assembly resolution 63/252), there are currently 23 member organizations of the Fund. The Advisory Committee was informed that in recent years the growth in the number of individuals that are serviced by the Fund has increased significantly, with an increase of over 53 per cent in the number of individuals being serviced in the past 10 years. Annex XI of the Board's report shows the total number of participants and beneficiaries as well as statistics on contributions and benefit payments from December 1995 to December 2008.

4. As at 31 December 2008, the population of active participants in the Pension Fund had increased to 112,804 individuals (representing an additional 5.9 per cent increase during 2008) and the number of periodic benefits in award had increased to 59,945 individuals (representing an additional 3.2 per cent increase during the same period) (A/64/291, para. 3). On 31 December 2008, the breakdown of the periodic benefits in award was as follows: 20,550 retirement benefits, 13,653 early retirement benefits, 6,932 deferred retirement benefits, 9,538 widows' and widowers' benefits, 8,072 children's benefits, 1,161 disability benefits and 39 secondary dependants' benefits. In the course of the year ending 31 December 2008, 6,325 withdrawals and other settlements were paid. Figures I and II in the report of the Pension Board illustrate the growth in the number of active participants and in the number of periodic benefits in payment since 1997.

5. In 2008, total contributions by organizations and active participants amounted to $1,789.3 million and total benefit payments amounted to $1,842.5 million, with payouts exceeding total contributions by $53.2 million covered by investment income of the Fund. The Board notes that as the Fund continues to mature, it will rely more on investment income for the payment of pensions and related benefits rather than employer and employee contributions.

6. As at 31 December 2008, the market value of the Fund's assets amounted to $31.3 billion as against $41.7 billion at the end of December 2007, representing a decrease of approximately 25 per cent. As at 31 March 2009 (the normal reporting date used in the reports to the Pension Board), the market value of the Fund's assets stood at $29.0 billion as against $40.6 billion a year earlier, a decrease of approximately 28.5 per cent. The total investment return, which takes into account timing of cash flows for the same period, was -28.3 per cent, representing a "real" or inflation-adjusted return of -28.1 per cent (A/64/291, para. 7). The Advisory Committee was informed that on 30 September 2009, the assets of the Fund were valued at $36.5 billion as a result of the resurgence of equity prices worldwide.

7. Following requests by the Standing Committee of the Pension Board and the Advisory Committee, the budget presentation in the Board's report follows a results-based budgeting format adopted in the 2008-2009 biennium. Resources are requested in line with the Fund's programmes. The number of sections in the report of the Board has been reduced and only summarized information has been given in the main part of the document, with justification and subsidiary information contained in the annexes. The Advisory Committee was informed that the budget for the 2010-2011 biennium reflects the priorities outlined in the third management charter of the Fund presented to and approved by the Pension Board. The priorities comprise the new Integrated Pension Administration System, implementation of the

new accounting standards and the reconfiguration of staffing in line with the recommendations of the whole office review, the Audit Committee and various audit reports.

8. **The Advisory Committee notes the progress made to follow a results-based budgeting format in the budget submission for the biennium 2010-2011. The Committee is of the view that further efforts should be made; for example, there is a need to link further the Fund's management charter with clear indicators of achievement for the Fund as a whole and with the overall planned outputs for the budget. In the Committee's opinion, in some sections of the budget the resources required are not clearly presented (e.g., the requirements for the Geneva office), and it is not easy to link the need for resources for non-post requirements with the activities described under the Fund's programme of work.**

9. The Advisory Committee notes from paragraph 55 of the report of the Pension Board that progress has been made in standardizing budget methodology and terminology with that used by the United Nations Secretariat for budgeting purposes. **In the Committee's view, however, there is a need for further standardization of terminology; for example, the reporting of underexpenditure resulting from the underutilization of resources is often referred to as savings (A/64/291, paras. 22-26). In the Committee's opinion, the concept of savings should be used in the context of reporting unutilized resources arising from efficiencies and productivity gains.**

II. Revised budget estimates and performance report for the biennium 2008-2009

10. In its resolution 62/241, the General Assembly approved appropriations for the biennium 2008-2009 totalling $150,995,100, comprising administrative costs ($75,994,800), investment costs ($72,347,900), audit costs ($2,589,700) and Board expenses ($62,700). Of this amount, $131,996,500 is chargeable directly to the Fund and $18,998,600, is the share of costs borne by the United Nations. In addition, resources amounting to $153,600 were authorized for extrabudgetary costs and funded by a number of member organizations. In section I of its resolution 63/252, the Assembly increased the appropriations by $2,204,000 to a total of $153,199,100, comprising administrative costs ($75,899,200), investment costs ($74,637,500), audit costs ($2,589,700) and Board expenses ($72,700). Of this amount, $134,351,100 is chargeable directly to the Fund, $18,848,000 being the share of costs borne by the United Nations.

11. Table 1 in the report of the Pension Board summarizes the total estimated expenditures for the biennium 2008-2009. The Fund's expenditures for the biennium comprise two elements: (a) actual expenditures for the 15-month period from 1 January 2008 to 31 March 2009; and (b) estimated expenditures for the 9-month period from 1 April to 31 December 2009. The reasons for the reported variances in expenditure have been explained in paragraphs 13 to 36 of the report. Upon request, the Advisory Committee was provided with information on the most recently available actual and projected expenditure for the biennium 2008-2009 (see annex I to the present report). Total expenditure for the biennium 2008-2009 is now estimated at $128,195,200, comprised of administrative costs ($71,640,200),

investment costs ($54,114,800), audit costs ($2,340,200) and Board costs ($100,000), resulting in projected savings of $25,003,900, or 16.3 per cent of the total appropriation. In addition, the projected expenditure of $134,700 for extrabudgetary costs will result in an underexpenditure of $18,900 or 12.3 per cent of the appropriation.

12. Under administrative costs, paragraphs 16 to 21 of the report of the Pension Board discuss the status of projects undertaken by the Fund in the biennium 2008-2009, and table 2 of the report shows appropriations and expenditures by project for the biennium 2008-2009. The Committee notes that the Information Technology Consolidation Working Group reached an agreement as to the best model to follow for the efficient and effective consolidation of infrastructure services under the Information Management Systems Service, which is intended to ensure a seamless consolidation of the computing infrastructure of the Investment Management Service and the Fund's secretariat. In the interim, the Investment Management Service has drawn upon the resources allocated within this initiative to maintain its systems. It is anticipated that 75 per cent of the consolidation will be completed by the end of the 2008-2009 biennium. Of the 38 areas identified for consolidation, 29 will be completed during the current biennium and 9 will be carried forward to the objectives of the 2010-2011 biennium. Under the priorities defined by the Investment Management Service, the work has also started on implementation of the SWIFT and Charles River trade order management systems. It is anticipated that both systems will be operational during the biennium and a functional disaster recovery solution will be in place for them in the near term.

III. Proposed budget for the biennium 2010-2011

13. The proposed budget of the Fund for the biennium 2010-2011 amounts to $172,618,900 (before recosting), comprising administrative costs of $90,532,900, investment costs of $79,483,000, audit costs of $2,503,000 and Pension Board expenses of $100,000.

14. Upon request, the Advisory Committee was provided with a table of financial resource requirements for the biennium 2010-2011 amounting to $172,618,900, as compared with the revised appropriations for the biennium 2008-2009 of $128,195,200 (see annex II to the present report). The overall increase in resources requested amounts to $44,423,700 (before recosting), or a 34.7 per cent increase, reflecting the following:

(a) An increase of $18,892,700 in administrative costs comprising the net effect of the proposed increase in posts ($5,941,100) and non-post costs ($12,951,600). Increases in non-post costs are primarily attributable to the growth in contractual services ($10,836,900), furniture and equipment ($1,753,500), other staff costs ($727,300), travel of staff and representatives ($353,200), consultants ($346,200) and hospitality ($700), partially offset by reductions in general operating expenses of $1,016,000 and in supplies and materials of $50,200. Of the total increase, $14,121,500 is directly attributable to the implementation of the Integrated Pension Administration System project;

(b) An increase of $25,368,200 in investment costs comprising the net effect of the proposed increase in posts ($2,831,400) and non-post costs ($22,536,800). Increases in non-post costs are primarily caused by growth in contractual services

($22,417,500), consultants ($1,029,300), travel of staff and representatives ($646,200), furniture and equipment ($110,400), supplies and materials ($58,800), other staff costs ($2,900) and hospitality ($7,300), partially offset by a reduction in general operating expenses of $1,735,600 resulting from completion of the renovations of the office space;

(c) An increase in resources for audit costs amounting to $162,800 comprising a decrease in the apportioned cost applicable to the Fund for the Board of Auditors ($20,900) and, in relation to internal audit, the net effect of proposed increases in posts ($77,500), consultants ($68,800), general operating expenses ($21,800), travel of staff ($21,000), supplies and materials ($3,700) and training ($700) and a decrease in contractual services ($5,300) and furniture and equipment ($4,500).

15. Human resources requirements for the Fund as a whole are shown in table 5 of the report of the Pension Board. A total of 255 posts, including one extrabudgetary post, are requested for the Fund's operations in the biennium 2010-2011. The proposed staffing table provides for the establishment of 23 additional established posts and 18 temporary posts. Upon request, the Advisory Committee was provided with information on the evolution of the Fund's staffing by programme. The Committee was informed that as at 13 October 2009 there were 13 vacant posts, reflecting a vacancy rate of 6.1 per cent. **During the last two bienniums, there has been a large increase in staff in the secretariat of the Fund, as well as a significant investment in information technology systems (see annex III to the present report).**

16. A whole office review was carried out in 2008 and presented to the Pension Board. The review was undertaken pursuant to paragraphs 4 and 5 of General Assembly resolution 62/241. The Assembly had requested that the Chief Executive Officer of the Fund and the Representative of the Secretary-General for Investments should undertake an overall review of the staffing and organizational structure in their respective areas, including drawing on relevant industry benchmarks and best practice. The whole office review was conducted to (a) provide a strategic, objective and independent review of the Fund's functions and structure within the context of relevant benchmarks and best practices; (b) identify and recommend alternative structures and staffing needed to support current and future organizational requirements; and (c) assist the Fund in responding to the Board's request to develop a more strategic approach to the human resources requirements of the Fund. The proposed staffing requirements for the biennium 2010-2011 recommended by the Pension Board took into account the recommendations of the whole office review.

17. **The Advisory Committee does not object to the recommendations of the Pension Board in respect of the proposed staffing of the Fund for the biennium 2010-2011 but does emphasize its expectation for restraint in future budgets when proposing staffing requirements (see para. 15 above).**

18. Implementation of the Integrated Pension Administration System, the new enterprise resource planning system of the Fund, will be the Fund's most important operational undertaking during the next two bienniums. Pre-implementation activities have already commenced during the 2008-2009 biennium. The project is expected to commence in November 2010 and full implementation would be

completed by November 2013. The cost estimates of the Fund's Integrated Pension Administration System project would amount to some $14.1 million in 2010-2011.

19. The Advisory Committee was informed that the Board had approved the project plan and implementation approach of the Integrated Pension Administration System project in 2008 and considered detailed costs estimates relating to hardware, software contractual services and other costs in 2009. The Committee was provided with a report on the planning study on the Integrated Pension Administration System. This major undertaking of the Fund will result in the replacement of the current ageing information technology system.

20. **The Advisory Committee does not object to the recommendations of the Pension Board.**

21. **Recognizing the significant investment made in the information technology systems, including the Integrated Pension Administration System, and the enterprise resource planning project, the Committee expects to see concrete efficiency gains from the investments made in these information technology systems.**

Investment service

22. Investment costs are discussed in paragraphs 95 to 128 of the report of the Pension Board. The Committee was informed that the increase in resources under investment costs would be used to strengthen information systems and risk management arrangements through staffing and contractual reinforcements. The investment costs, as in previous budgets, would be charged directly to the principal of the Fund and not to the budgets of member organizations of the Pension Fund. The Advisory Committee was informed that, as in the past, other issues, including investment management matters not included in the budget submission for 2010-2011 that were considered by the Pension Board in July 2009, will be reported to the General Assembly next year during its sixty-fifth session.

23. The Advisory Committee was informed that the proposed increase in posts in the Investment Management Service was needed as a result of the decision against outsourcing its investment management function and thus placing its reliance heavily upon the internal management of 90 per cent of the Fund's assets. The Committee was informed that there have been a number of dangerous gaps in staffing where essential ongoing functions have been staffed by a single individual. This has been found to be fundamentally unsound and potentially dangerous for the Fund.

24. **The Advisory Committee recommends that the impact of the decision of the Board to establish a full in-house investment management function be carefully monitored in comparison with best practices and benchmarks of the industry. The Committee recommends that the Secretary-General keep this issue under review to ensure that the Fund's long-term investment objectives are met.**

25. The Committee notes the indicators of achievement related to the Fund's investment policy benchmark. It is expected that the total Fund return will exceed the policy benchmark. The long-term investment objectives of the Fund are to obtain an investment return of 3.5 per cent after inflation adjustment over the long term while avoiding undue risk. The Committee was informed that the Fund's

compound annual rate of return for the 20-year period ending 31 March 2009 was 7.2 per cent. Upon request, the Committee was provided with additional information on investments by country.

26. **The Advisory Committee notes the continued efforts of the Secretary-General, as fiduciary for the investment of the assets of the Fund, to diversify the Fund's investments among developed markets and emerging markets. The Committee continues to stress that decisions concerning the investments should be based on the four main criteria for investment, namely, safety, profitability, liquidity and convertibility, established by the General Assembly in its resolution 32/73 and reaffirmed most recently in its resolution 63/252.**

27. Annex V to the report of the Pension Board concerns the issue of cost-sharing arrangements between the United Nations and the Pension Fund. The sharing of the costs of administering the Fund is based on articles 4 (a) and 15 of its Regulations. According to its Regulations, expenses incurred in the administration of the Fund must be met by its member organizations. In accordance with the apportionment formula agreed to by the Board and the General Assembly in 1954 and reconfirmed as reasonable in 1979, the United Nations share includes one third of the total cost of established posts, related common staff costs and overtime, as well as a contribution to the identifiable costs of communications. During the review of the cost-sharing arrangement by the Pension Board in 1998 (see A/53/9) the Fund secretariat and the United Nations Administration jointly concluded that the one-third/two-thirds formula continued to be reasonable and fair. It was also agreed that, if the one-third/two-thirds formula was a fair assumption for the reimbursement of staffing costs, it should also be used for costs that had previously not been shared: general temporary assistance, computer, office space and audit costs.

28. The administrative costs of the Pension Fund are funded from three sources: the principal of the Fund; the United Nations regular budget; and other agencies. This is in conformity with the cost-sharing arrangement, which stipulates that in return for the Fund acting as the secretariat of the Staff Pension Committee of the United Nations and the New York-based funds and programmes, the United Nations provides certain services to the Fund free of cost. In addition, the United Nations and other agencies fund a portion of administrative and audit costs. The cost of the Investment Management Service is fully charged to the principal of the Fund as mentioned in paragraph 22 above.

29. **The Advisory Committee recommends that the Secretary-General keep the issue of cost-sharing arrangements under review.**

IV. Membership of the Investment Committee

30. Article 20 of the Regulations of the Pension Fund stipulates that the members of the Investment Committee shall be appointed by the Secretary-General after consultation with the Pension Board and the Advisory Committee, subject to confirmation by the General Assembly. The Secretary-General conveyed to the Pension Board and the Advisory Committee the names of three regular members and two ad hoc members of the Investments Committee whom he intended to propose to the Assembly for reappointment. **The Advisory Committee communicated its concurrence with these proposals to the Secretary-General.**

V. Conclusion

31. The Secretary-General, in his report on the administrative and financial implications arising from the report of the Pension Board (A/C.5/64/2), states that should the General Assembly approve the proposals and recommendations of the Pension Board, the overall requirements that would arise for the United Nations are estimated at $22,238,300 (at 2010-2011 rates). Of the total requirements for the biennium 2010-2011, the cost of the regular budget would amount to $14,188,000 and the balance of $8,050,300 would be reimbursed to the United Nations by the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF).

32. In paragraph 1.28 of the proposed programme budget for the biennium 2010-2011 (A/64/6 (Sect. 1)), it is indicated that the estimated requirements of $11,751,800 ($12,322,500 at 2010-2011 rates) relate to the regular budget share of the cost of the central secretariat of the Fund, excluding reimbursements anticipated from UNDP, UNFPA and UNICEF. Accordingly, an additional appropriation of $1,865,500 would be required under section 1, Overall policymaking, direction and coordination, of the proposed programme budget for the biennium 2010-2011. The provision would represent a charge against the contingency fund.

33. **The Advisory Committee recommends that the General Assembly approve the recommendations of the Pension Board as contained in paragraph 133 of its report (A/64/291). Accordingly, the Advisory Committee recommends an additional appropriation in the amount of $1,865,500 under the regular budget for the biennium 2010-2011, arising from the recommendations of the Board (para. 11 of A/C.5/64/2).**

Annex I

Budget estimates for the biennium 2008-2009: performance report

Revised estimates for the biennium 2008-2009 by object of expenditure

(Thousands of United States dollars)

	Approved appropriations			*Expenditures for the 21-month period 1 January 2008-30 September 2009*			*Estimated expenditures for the 3-month period 1 October-31 December 2009*			*Increase or (decrease) for the biennium 2008-2009*			*Proposed final 2008-2009 appropriations*		
	Pension Fund	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*
	(a)			*(b)*			*(c)*			*(d)=(b)+(c)-(a)*			*(e)=(a)+(d)*		
Administrative costs															
Posts	24 020.9	11 231.8	35 252.7	20 107.6	9 247.2	29 354.8	3 105.3	1 452.0	4 557.3	(808.0)	(532.6)	(1 340.6)	23 212.9	10 699.2	33 912.1
Other staff costs	3 268.6	364.0	3 632.6	1 726.4	483.6	2 210.0	871.2	129.7	1 000.9	(671.0)	249.3	(421.7)	2 597.6	613.3	3 210.9
Consultants	85.0	—	85.0	91.4	—	91.4	—	—	—	6.40	—	6.40	91.4	—	91.4
Travel	1 075.2	—	1 075.2	905.6	—	905.6	169.3	—	169.3	(0.3)	—	(0.30)	1 074.9	—	1 074.3
Contractual services	16 015.2	3 362.9	19 378.1	10 996.9	2 948.4	13 945.3	2 629.2	373.3	3 002.5	(2 389.1)	(41.2)	(2 430.3)	13 626.1	3 321.7	16 947.8
Hospitality	3.2	—	3.2	2.3	—	2.3	1.0	—	1.0	—	—	—	3.3	—	3.3
General operating expenses	8 846.0	2 925.4	11 771.4	8 322.8	2 669.2	10 992.0	686.7	214.3	901.0	163.5	(41.9)	121.6	9 009.5	2 883.5	11 893.0
Supplies and materials	173.0	66.4	239.4	165.6	63.2	228.8	27.5	4.0	31.5	20.1	0.8	20.9	193.1	67.2	260.3
Furniture and equipment	3 995.7	465.9	4 461.6	2 029.8	362.8	2 392.6	1 754.2	99.7	1 853.9	(211.7)	(3.4)	(215.1)	3 784.0	462.5	4 246.5
Total administrative	**57 482.8**	**18 416.4**	**75 899.2**	**44 348.4**	**15 774.4**	**60 122.8**	**9 244.4**	**2 273.0**	**11 517.4**	**(3 890.0)**	**(369.0)**	**(4 259.0)**	**53 592.8**	**18 047.4**	**71 640.2**
Investment costs															
Posts	12 122.5		12 122.5	9 052.8	—	9 052.8	1 650.7	—	1 650.7	(1 419.0)	—	(1 419.0)	10 703.5	—	10 703.5
Other staff costs	657.0		657.0	437.1	—	437.1	582.3	—	582.3	362.4	—	362.4	1 019.4	—	1 019.4
Consultants	1 384.5		1 384.5	299.5	—	299.5	500.0	—	500.0	(585.0)	—	(585.0)	799.5	—	799.5
Travel	1 888.0		1 888.0	1 002.1	—	1 002.1	351.7	—	351.7	(534.2)	—	(534.2)	1 353.8	—	1 353.8
Contractual services	52 210.2		52 210.2	28 708.0	—	28 708.0	5 301.4	—	5 301.4	(18 200.8)	—	(18 200.8)	34 009.4	—	34 009.4
Hospitality	22.0		22.0	12.7	—	12.7	2.0	—	2.0	(7.3)	—	(7.3)	14.7	—	14.7
General operating expenses	5 662.5		5 662.5	4 789.0	—	4 789.0	734.7	—	734.7	(138.8)	—	(138.8)	5 523.7	—	5 523.7

	Approved appropriations			*Expenditures for the 21-month period 1 January 2008-30 September 2009*			*Estimated expenditures for the 3-month period 1 October-31 December 2009*			*Increase or (decrease) for the biennium 2008-2009*			*Proposed final 2008-2009 appropriations*		
	Pension Fund	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*
	(a)			*(b)*			*(c)*			*(d)=(b)+(c)-(a)*			*(e)=(a)+(d)*		
Supplies and materials	101.2		101.2	87.0	—	87.0	14.2	—	14.2	—	—	—	101.2	—	101.2
Furniture and equipment	589.6		589.6	231.3	—	231.3	358.3	—	358.3	—	—	—	589.6	—	589.6
Total investment	**74 637.5**		**74 637.5**	**44 619.5**		**44 619.5**	**9 495.3**		**9 495.3**	**(20 522.7)**		**(20 522.7)**	**54 114.8**		**54 114.8**
Audit costs															
External audit	568.4	113.7	682.1	238.0	47.6	285.6	330.4	66.1	396.5	—	—	—	568.4	113.7	682.1
Internal audit	1 589.7	317.9	1 907.6	1 198.7	239.7	1 438.4	183.1	36.6	219.7	(207.9)	(41.6)	(249.5)	1 381.8	276.3	1 658.1
Total audit	**2 158.1**	**431.6**	**2 589.7**	**1 436.7**	**287.3**	**1 724.0**	**513.5**	**102.7**	**616.2**	**(207.9)**	**(41.6)**	**(249.5)**	**1 950.2**	**390.0**	**2 340.2**
Board expenses	**72.7**	—	**72.7**	**66.0**	—	**66.0**	**34.0**	—	**34.0**	**27.3**	—	**27.3**	**100.0**	—	**100.0**
Total resources	**134 351.1**	**18 848.0**	**153 199.1**	**90 470.6**	**16 061.7**	**106 532.3**	**19 287.2**	**2 375.7**	**21 662.9**	**(24 593.3)**	**(410.6)**	**(25 003.9)**	**109 757.8**	**18 437.4**	**128 195.2**
Extrabudgetary costs (after-service health insurance)															
Operational activities	**153.6**	—	**153.6**	**111.7**	—	**111.7**	**23.0**	—	**23.0**	**(18.9)**	—	**(18.9)**	**134.7**	—	**134.7**

Annex II

Revised appropriations for 2008-2009 and proposed budget for 2010-2011

(Thousands of United States dollars)

Category	2006-2007 expenditure	2008-2009 revised appropriation	Resource growth		Total before recosting	Recosting	Apportionment		2010-2011 estimate
			Amount	Percentage			United Nations	Pension Fund	
Administrative costs									
Posts	28 811.5	33 912.1	3 310.7	9.8	37 222.8	3 594.9	12 985.6	27 832.1	40 817.7
Temporary posts IPAS	—	—	2 630.4	—	2 630.4	340.5	—	2 970.9	2 970.9
Other staff costs	1 465.7	3 210.9	727.3	22.7	3 938.2		1 202.0	2 736.2	3 938.2
Consultants	—	91.4	346.2	378.8	437.6	—	—	437.6	437.6
Travel	514.4	1 074.9	353.2	32.9	1 428.1	—	—	1 428.1	1 428.1
Contractual services	11 883.1	16 947.8	10 836.9	63.9	27 784.7	—	3 851.7	23 933.0	27 784.7
Hospitality	3.3	3.3	0.7	21.2	4.0	—	—	4.0	4.0
General operating expenses[a]	9 780.6	11 893.0	(1 016.0)	(8.5)	10 877.0	—	3 220.2	7 656.8	10 877.0
Supplies and materials	373.1	260.3	(50.2)	(19.3)	210.1	—	87.5	122.6	210.1
Furniture and equipment	2 623.4	4 246.5	1 753.5	41.3	6 000	—	440.0	5 560.0	6 000.0
Administrative total	**55 455.1**	**71 640.2**	**18 892.7**	**26.4**	**90 532.9**	**3 935.4**	**21 787.0**	**72 681.3**	**94 468.3**
Investment costs									
Posts	7 277.3	10 703.5	2 831.4	26.5	13 534.9	2 372.2	—	15 907.1	15 907.1
Other staff costs	78.1	1 019.4	2.9	0.3	1 022.3	—	—	1 022.3	1 022.3
Consultants	869.4	799.5	1 029.3	128.7	1 828.8	—	—	1 828.8	1 828.8
Travel	576.9	1 353.8	646.2	47.7	2 000	—	—	2 000	2 000
Contractual services	31 766.8	34 009.4	22 417.5	65.9	56 426.9	—	—	56 426.9	56 426.9
Hospitality	9.5	14.7	7.3	49.7	22.0	—	—	22.0	22.0
General operating expenses	2 082.8	5 523.7	(1 735.6)	(31.4)	3 788.1	—	—	3 788.1	3 788.1
Supplies and materials	161.4	101.2	58.8	58.1	160.0	—	—	160.0	160.0
Furniture and equipment	343.3	589.6	110.4	18.7	700.0	—	—	700.0	700.0
Investment total	**43 165.5**	**54 114.8**	**25 368.2**	**46.9**	**79 483.0**	**2 372.2**	**—**	**81 855.2**	**81 855.2**
Audit costs									
External audit	582.3	682.1	(20.9)	(3.1)	661.2	—	110.2	551.0	661.2
Internal audit	1 016.3	1 658.1	183.7	11.1	1 841.8	204.7	341.1	1 705.4	2 046.5
Audit total	**1 598.6**	**2 340.2**	**162.8**	**7.0**	**2 503.0**	**204.7**	**451.3**	**2 256.4**	**2 707.7**
Board expenses	—	**100.0**			**100.0**	—	—	**100.0**	**100.0**
Total resources required	**100 219.2**	**128 195.2**	**44 423.7**	**34.7**	**172 618.9**	**6 512.3**	**22 238.3**	**156 892.9**	**179 131.2**
Extrabudgetary costs (after-service health insurance)									
Operational activities		134.7	18.9	14.0	153.6	9.0		162.6	162.6

[a] Includes bank interest for the bienniums 2006-2007 and 2008-2009.

Annex III

United Nations Joint Staff Pension Fund: approved posts for the bienniums 2004-2005, 2006-2007 and 2008-2009, and requested posts for the biennium 2010-2011, by programme

	Number of posts											
	2004-2005			*2006-2007*			*2008-2009*			*2010-2011*		
Programme	*Prof*	*GS*	*Total*	*Prof*	*GS*	*Total*	*Prof*	*GS*	*Total*	*Prof*	*GS*	*Total*
Secretariat												
Executive direction and management	4	3	**7**	5	3	**8**	7	3	**10**	8	5	**13**
Programme of work												
Office of the Chief of Operations	2	1	**3**	2	1	**3**	2	1	**3**			
Operations[a]	5	40	**45**	5	40	**45**	7	43	**50**	16	49	**65**
Financial Services Section	8	23	**31**	10	27	**37**	11	27	**38**	15	31	**46**
Geneva Office	6	16	**22**	7	18	**25**	8	23	**31**	9	23	**32**
Subtotal	**21**	**80**	**101**	**24**	**86**	**110**	**28**	**94**	**122**	**40**	**103**	**143**
Programme support												
Information Management Systems Service	17	6	**23**	18	6	**24**	19	7	**26**	26	8	**34**
Executive Office	2	3	**5**	3	3	**6**	3	4	**7**	3	4	**7**
Subtotal	**19**	**9**	**28**	**21**	**9**	**30**	**22**	**11**	**33**	**29**	**12**	**41**
Secretariat total	**44**	**92**	**136**	**50**	**98**	**148**	**57**	**108**	**165**	**77**	**120**	**197**
Investments												
Executive direction and management	2	3	**5**	2	4	**6**	3	4	**7**	3	4	**7**
Programme of work												
Investment Section	6	8	**14**	11	7	**18**	15	8	**23**	18	9	**27**
Operations Section	2	8	**10**	2	8	**10**	2	9	**11**	2	9	**11**
Risk and Compliance Section	—	—	—	3	—	**3**	4	2	**6**	4	2	**6**
Subtotal	**8**	**16**	**24**	**16**	**15**	**31**	**21**	**19**	**40**	**24**	**20**	**44**
Programme support												
Information Systems Section	2	1	**3**	3	1	**4**	2	—	**2**	6	1	**7**
Investments total	**12**	**20**	**32**	**21**	**20**	**41**	**26**	**23**	**49**	**33**	**25**	**58**
Total	**56**	**112**	**168**	**71**	**118**	**189**	**83**	**131**	**214**	**110**	**145**	**255**

[a] The office of the Chief of Operations and Pension Entitlements and Client Services amalgamated as Operations.
[b] Includes 6 temporary posts (3 P-4, 2 P-3, 1 GS-OL) for the IPAS project.
[c] Includes 6 temporary posts (3 P-4, 3 GS-OL) for the IPAS project.
[d] Includes 6 temporary posts (1 P-5, 2 P-4, 2 P-3, 1 GS-OL) for the IPAS project.
[e] Includes 18 temporary posts (1 P-5, 8 P-4, 4 P-3, 5 GS-OL) for the IPAS project.

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Agenda item 132
Proposed programme budget for the biennium 2010-2011

Request for a subvention to the United Nations Institute for Disarmament Research resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 2010-2011

Eighth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2010-2011

1. The Advisory Committee on Administrative and Budgetary Questions has considered the note by the Secretary-General (A/64/270) on the request for a subvention of $558,200 (before recosting) to the United Nations Institute for Disarmament Research (UNIDIR) resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 2010-2011 (see A/64/261). During its consideration of the request, the Committee met with the Director and the Deputy Director of the Institute, who provided additional information and clarifications.

2. The request for a subvention to UNIDIR for the biennium 2010-2011 is presented by the Secretary-General in accordance with section IV, paragraph 2, of resolution 60/248, in which the General Assembly endorsed the proposal that the request for a subvention to UNIDIR be submitted for review and approval by the Assembly on a biennial basis in the context of its consideration of the proposed programme budget for the related biennium. The Advisory Committee notes that the request is consistent with what is contained in the proposed programme budget for the biennium 2010-2011, which includes, under section 4, Disarmament, a provision for $558,200 representing the United Nations subvention to UNIDIR for 2010-2011 (see A/64/6 (Sect. 4) and Corr.1, para. 4.26). The Committee further notes that in the proposed programme budget extrabudgetary resources for the Trust Fund for UNIDIR for 2010-2011 are estimated at $3,793,000 (see A/64/6 (Sect. 4) and Corr.1, para. 4.10).

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3. Upon enquiry, the Advisory Committee was provided with updated information, as at 12 November 2009, on the status of voluntary contributions for 2009 and 2010, which is presented in the table below:

Estimated income from voluntary contributions for 2009 and 2010

(United States dollars)

Voluntary contributions	*2009*	*2009 revised*	*2010*	*2010 re*
A. Governmental contributions	1 425 910	1 469 878	1 167 511	1 150
B. Public donations	1 148 779	1 166 926	60 951	62
Total voluntary contributions (A + B)	**2 574 689**	**2 636 805**	**1 228 462**	**1 212**
C. Inter-organization	18 000	18 000	20 000	20
Grand total (A + B + C)	**2 592 689**	**2 654 805**	**1 248 462**	**1 232**

4. **The Advisory Committee recommends that the General Assembly approve the request for the subvention of $558,200 (before recosting) from the regular budget of the United Nations for the biennium 2010-2011, for which the provision has already been included under section 4, Disarmament, of the proposed programme budget for the biennium.**

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Proposed programme budget for the biennium 2010-2011

Revised estimates relating to the proposed programme budget for the biennium 2010-2011 under sections 2, 17, 18, 20, 21, 27, 28C, 28D, 28E, 28F, 28G, 29 and 36

Ninth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2010-2011

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on revised estimates relating to the programme budget for the biennium 2010-2011 under sections 2, 17, 18, 20, 21, 27, 28C, 28D, 28E, 28F, 28G, 29 and 36 related to business continuity management (A/64/472). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The Secretary-General's report was submitted in response to the request of the General Assembly, in section III, paragraph 16, of its resolution 63/268, for a fully justified proposal for post and non-post resources in relation to the work under way on business continuity management in the context of the proposed programme budget for the biennium 2010-2011.

3. The proposed programme budget for the biennium 2010-2011 did not include a provision for the requirements related to the proposals contained in the Secretary-General's report (A/64/472). **In this connection, the Advisory Committee recalls paragraph 9 of General Assembly resolution 62/236, in which the Assembly requested the Secretary-General to ensure the fullest possible picture of the Organization's requirements in future proposed programme budgets. The Committee has also emphasized the need to include, in proposed programme budgets, estimates for requirements that are foreseeable at the time of budget preparation (A/64/7, para. 10). The Committee is of the view that the Secretary-General should have provided preliminary estimates on the requirements for**

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business continuity management in the proposed programme budget for the biennium 2010-2011.

II. General observations

4. The Advisory Committee recalls that a small Business Continuity Management Unit was established in 2007, following a decision made by the Senior Emergency Policy Team. The Unit, which is part of the Office of Central Support Services, is responsible for ensuring the viability of business continuity planning carried out by the Secretariat, offices away from Headquarters and the regional commissions and for coordinating business continuity planning with the United Nations organizations located in New York. It currently comprises three temporary positions (Chief of Unit, Business Continuity Management Specialist and Administrative Assistant).

5. To date, funding for the initial activities of the Business Continuity Management Unit has been accommodated within the discretionary authority granted to the Secretary-General by the General Assembly in its resolution 60/283. In addition, in June 2009, consequent to the outbreak of influenza A (H1N1), the Secretary-General, under the discretionary authority granted by the Assembly in the same resolution, sought the concurrence of the Advisory Committee to enter into commitments totalling $8,190,000 for business continuity activities relating to ensuring preparedness for a potential pandemic. The Committee, pending the submission of the report requested by the Assembly in its resolution 63/268, authorized the Secretary-General to enter into commitments in an adjusted amount of $6,133,900 for ongoing business continuity management related activities in 2009, including pandemic preparedness, in order to allow him to undertake the necessary steps to ensure that various parts of the Secretariat, including offices away from Headquarters and the regional commissions, would be able to mobilize and maintain critical functions.

6. Upon enquiry as to the overall expenditures incurred in connection with activities relating to business continuity management/pandemic preparedness to date, the Advisory Committee was informed that an amount of $3.8 million had been spent during the biennium 2006-2007. For the biennium 2008-2009, as at the end of September 2009, expenditures amounted to $2.5 million against a commitment of $8.5 million authorized under the terms of General Assembly resolution 60/283. The Committee was also informed that, while a substantial portion is expected to be used by the end of the biennium, in particular the resources relating to medical drugs and supplies, it is anticipated that there could be some savings, which would be reported in the context of the second performance report for the biennium 2008-2009, which is currently being prepared.

7. The report of the Secretary-General provides information on business continuity management activities and planning in the private and public sectors (A/64/472, paras. 17-19), including information on related measures taken by the agencies of the United Nations system, funds and programmes and the Bretton Woods institutions (ibid., paras. 20-22). Upon enquiry, the Advisory Committee was provided with additional information on the scope of the business continuity programmes of other organizations and the resources available for their implementation (see annex I).

8. The Advisory Committee notes that the Secretary-General defines business continuity management as a management process that strengthens an organization's ability to respond to risks and to maintain continuity of critical business processes at a minimum agreed level following disruptive events, while ensuring that the impact of disruptive events on the organization is minimized. The Secretary-General indicated in his report, that business continuity management entails five main steps: (a) policy establishment; (b) risk assessment; (c) identification of critical functions and business impact analysis; (d) mitigation strategy development; and (e) plan implementation, testing and maintenance (A/64/472, paras. 11-16).

9. In this connection, the report of the Secretary-General provides information on the progress achieved to date at the Secretariat in New York, at offices away from Headquarters and the regional commissions, including information on the cooperation and coordination with agencies, funds and programmes and a description of the United Nations management structure (see A/64/472, sect. III). The Advisory Committee recalls that the crisis management structure is led by the Department of Safety and Security and the system of designated officials for security at field locations. At Headquarters, the structure is led by the Senior Emergency Policy Team (chaired by the Chef de Cabinet at the policymaking level) and the Crisis Operations Group (chaired by the Under-Secretary-General for Safety and Security at the operational level). In the event of a crisis, the Crisis Operations Group would activate the crisis management plan in order to ensure an adequate response and protect the staff and assets of the Organization. If the scope of the crisis causes disruption of operations, the Group, in consultation with the Senior Emergency Policy Team, would activate the business continuity plan to ensure the maintenance of critical functions. The Committee notes that the business continuity plan is not based on particular scenarios; it follows a multi-hazard approach, setting out critical activities to be followed in case of disruptive events, with the aim of stabilizing and continuing the Organization's critical business functions.

10. The Advisory Committee also notes that considerable progress has been achieved since the establishment of the Business Continuity Management Unit in 2007. A policy statement has been adopted and all departments in the Secretariat, offices away from Headquarters and the regional commissions have appointed focal points. A risk assessment has been conducted by all departments and offices. The Unit has assisted all departments and offices with the identification of critical processes, and critical staff responsible for the performance of those processes, as well as vital records and information technology applications linked to these processes. The departments and offices in the Secretariat are currently in the process of developing strategies aimed at mitigating the impact of different risks. However, work remains to be done in setting up mitigation strategies; carrying out a business impact analysis, together with the Office of Information and Communication Technology, to validate the prioritization of business processes at departmental level, train managers and critical staff to ensure they are able to continue critical business processes, and testing the business continuity plans and ensuring their maintenance (see also A/64/7/Add.9, paras. 42-45).

11. Section IV of the report of the Secretary-General describes the response to the outbreak of influenza A (H1N1) virus in the second quarter of 2009. The Advisory Committee notes that a simulation exercise was carried out at Headquarters and that the pandemic plan has subsequently been revised and updated. In addition, a strategy of telecommuting for all critical staff has been put in place so that they can

work remotely using Citrix technology. The Business Continuity Management Unit is the dedicated focal point for business continuity planning and, as part of the overall United Nations system-wide response to the influenza pandemic, it is an active player in the existing crisis management structure responsible for defining and coordinating such a response. Within this framework, direct links have been established to ensure planning actions are implemented or updated to ensure close alignment with city, state and federal authorities of the host country. **The Committee reiterates its view that cooperation with host country authorities at all duty stations is essential in order to ensure an effective and coordinated response to potential disruptions and encourages the Secretary-General to continue to pursue efforts in this regard.**

12. The issue of disaster recovery and the use of information and communications technology in this regard are discussed in the report of the Secretary-General (A/64/472, paras. 23-28). As indicated in the report, the Business Continuity Management Unit is concerned with continuity planning of the critical functions of the Organization under all circumstances, focusing on the management process, including training of managers and staff, rather than on infrastructure. The disaster recovery programme, on the other hand, is concerned with planning for the resumption of the functioning of the information and communication technology infrastructure and services after a disruption. The programme is one of the backbones of business continuity, or a subset of the wider process of crisis response — it does not replace it. The scope of business continuity planning therefore encompasses disaster recovery, although it extends well beyond it.

13. As indicated by the Secretary-General, the Business Continuity Management Unit works closely with and is supported by the Office of Information and Communications Technology in two aspects: (a) the classification of critical/non-critical systems of the Secretariat, as part of the overall business impact analysis; and (b) the implementation of telecommuting capabilities, which constitutes a mitigation measure in the business continuity plan and which is supported by the Office (A/64/472, paras. 26 and 27).

14. The Advisory Committee notes that, in response to General Assembly resolution 63/262, the Secretary-General will submit a proposal at its sixty-fifth session for a unified information and communications technology disaster recovery plan for United Nations Headquarters, offices away from Headquarters, the regional commissions, peacekeeping and political missions, the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia. In his report on enterprise content management and customer relationship management systems and proposal for a unified disaster recovery and business continuity plan, the Secretary-General set out a set of principles and a framework for the above-mentioned unified plan (A/64/477, sect. III). **The Committee's comments and observations in this regard are contained in its report on information and communications technology (see A/64/7/Add.9).**

15. The funding request contained in the report of the Secretary-General on business continuity management (A/64/472) for the Office of Information and Communications Technology (sect. 29 of the proposed programme budget) is to sustain risk-mitigation measures in response to the threat of a pandemic during the current biennium, covering the continuation of support for the telecommuting infrastructure for Headquarters and virtual meeting support for the General

Assembly, the Security Council and the Secretary-General (see para. 29 below). With regard to the requirements for telecommuting, as one of the four main mitigation strategies for business continuity, the Advisory Committee was informed that the requirements were thought to have been more suitably presented in the same report. **The Committee was assured that the report of the Secretary-General requested by the General Assembly (see para. 14 above), will take the investment in telecommuting infrastructure both at Headquarters and at offices away from Headquarters into account.**

16. The proposed programme of work for the biennium 2010-2011 for the implementation of business continuity management is elaborated in the report of the Secretary-General (A/64/472, paras. 54-58). As indicated therein, the programme, which is based on the views of the General Assembly as reflected in its resolution 63/268, highlights the importance of close coordination of business continuity policies among all United Nations entities, of the sharing and exploiting of lessons learned and best practices on a system-wide basis and of ensuring a systematic approach that encompasses both peacekeeping and humanitarian operations at the field level. **The Advisory Committee reiterates the importance of a coordinated approach with all actors involved in order to ensure the overall effectiveness of the business continuity objectives.**

III. Resource requirements

17. The Secretary-General estimates that the resource requirements for the implementation of the business continuity planning and management activities for the biennium 2010-2011 would amount to $9,786,800 gross ($9,423,300 net). A summary of all costs, by expenditure component, is contained in table 1 of the report of the Secretary-General. Of that total, an amount of $2,301,200 is post-related and an amount of $7,485,600 is non-post related. The distribution of those resources, by budget section, is included in table 2 of the same report (A/64/472).

18. The resources proposed for posts of $2,301,200 include the costs related to 17 proposed posts, shown in the proposed organizational structure contained in the annex to the report of the Secretary-General (A/64/472). The Advisory Committee was informed, upon enquiry, that of the 17 posts proposed, 12 are currently funded using general temporary assistance resources under the discretionary authority granted in General Assembly resolution 63/283 (see annex II). The Committee was also informed that 11 of the 12 positions are currently encumbered, with 1 position under recruitment at present (see para. 23 below).

19. **The following recommendations of the Advisory Committee recognize the importance of reinforcing the planning capacity of the Organization in order to address pandemic or other business continuity management-related issues, as well as the need to instil the required cultural awareness and responsibility in the context of business continuity management in all parties concerned. The Committee also recognizes that, while some operational capacity has been attained, in addition to ensuring a coordinated approach, important tasks remain to be completed, as indicated the programme of work contained in the Secretary-General's report. The Committee is recommending acceptance of eight posts on a temporary basis for the biennium 2010-2011 (out of 17 posts requested). The Committee is of the opinion that an evaluation of the business**

continuity capacity should be carried out at the end of this period and that a progress report should be submitted indicating what has been achieved and how the tasks, responsibilities and operationalization have been incorporated into existing organizational and management structures.

A. Recommendations on posts

20. Four new posts (1 P-5, 1 P-4, 1 P-3 and 1 GS (OL)) are requested for the Business Continuity Management Unit in the Office of Central Support Services (section 28D of the proposed programme budget for 2010-2011) to ensure the viability of business continuity planning of the Secretariat, including offices away from Headquarters and the regional commissions, in case of pandemic and other emergency situations, as well as to coordinate business continuity planning with the United Nations organizations located in New York. The four posts proposed are as follows:

(a) One P-5 Chief of Unit to provide overall leadership and direction;

(b) One P-4 Business Continuity Management Specialist responsible for the implementation of management strategy and policy;

(c) One P-3 Business Continuity Training Officer to design guidelines, templates and tools to be used to regularly report on expenditures and test pandemic preparedness activities;

(d) One General Service (Other level) Administrative Assistant to provide administrative and other support to the Unit.

21. The Advisory Committee notes that three of the posts requested (1 P-5, 1 P-4 and 1 GS (OL)) are currently funded as general temporary assistance positions (see para. 18 above). **The Committee recommends acceptance of three of the four temporary posts requested for the biennium 2010-2011: the Chief of Unit (P-5); the Business Continuity Management Specialist (P-4); and the Administrative Assistant (GS (OL)). The Committee recommends against the acceptance of the post for a Training Officer (P-3), the functions of which should be provided through redeployment and existing tools for disseminating information. The Committee is also of the opinion that consideration should be given to the placement of the Business Continuity Management Unit within the Office of the Under-Secretary-General of the Department of Management, in view of its coordinating role with all United Nations entities, including offices away from Headquarters and the regional commissions.**

22. Five new posts (1 P-5, 2 P-4, 1 GS (PL), 1 GS (OL)) are requested for the Medical Services Division (section 28C, Office of Human Resources Management), as follows:

(a) One P-5 Senior Medical Officer for a public health and infectious diseases specialist who would act as system-wide focal point;

(b) One P-4 Medical Officer post for a public health and infectious disease specialist to provide technical support and contribute to all activities undertaken by a proposed public health and infectious disease section within the Division, including in the area of pandemic preparedness;

(c) One P-4 Public Health Officer post to coordinate and administrate all activities of a proposed public health and infectious disease section;

(d) One General Service (Principal level) Mental Health Nurse to assist in the development and implementation of psychological disaster response to organizational trauma;

(e) One General Service (Other level) Health Promotion Nurse to support the work of a proposed public health and infectious disease section in the implementation of health promotion and public health preventive strategies.

23. The Advisory Committee was informed that two of the requested posts were funded currently as general temporary assistance positions: the P-5, under a recruitment process, and the P-4, currently encumbered. The Committee notes, however, that the posts requested for the Medical Services Division are the result of a process of reform and reorientation of the programme of work of the Division, which has taken place since the requirements for the proposed programme budget for the biennium 2010-2011 were submitted, rather than being directly related to business continuity management. The Committee was informed that, although the United Nations employs significant numbers of medical and other health-care professionals, there is no overall policy for occupational health and safety issues or resources or structures for managing, monitoring and supporting globally distributed health-care staff. **The Committee is of the opinion that the reorientation of the programme, its global reach and its related resources should be presented and justified in the context of the Secretary-General's proposed programme budget. The Committee therefore recommends acceptance of one P-5 post, of the five posts proposed, for the Senior Medical Officer, for a public health and infectious diseases specialist.**

24. A new Information Systems Analyst post (P-3) is requested under General Assembly and Economic and Social Council affairs and conference management (section 2 of the programme budget). The post is requested for the implementation of the business continuity plan with respect to critical systems provided by the Department for General Assembly and Conference Management for meetings and documentation services to the General Assembly, the Security Council and other bodies, as required, during a crisis. **While recognizing the importance of the functions, the Advisory Committee recommends that, rather than establishing an additional post, the services be provided through redeployment.**

25. A Medical Officer post (P-3) is requested under section 17, Economic and social development in Africa, to act as the focal point for the United Nations Health Care Centre and the service provider for all medical elements of pandemic preparedness, including casualty and critical incident responses. The post is currently provided under general temporary assistance funding and supplements existing capacity, which currently consists of two medical officers (1 P-5 and 1 P-4). **The Advisory Committee recommends acceptance of the P-3 Medical Officer post.**

26. Six posts (1 P-4, 1 National Officer, 4 GS (LL)) are requested under section 28F, Administration, Nairobi, as follows:

(a) One P-4 Business Continuity Coordinator to oversee the preparations, coordination and implementation of the pandemic plan covering 14,000 staff and dependants in Nairobi;

(b) One Medical Doctor (National Officer) to assist in coordinating medical activities and, in the event of a pandemic, to attend to the sick;

(c) One General Service (Local level) Administrative Assistant to provide administrative support for business continuity related activities;

(d) Two General Service (Local level) Nurses to screen patients entering the clinic and to conduct training on pandemic-related activities and home visits;

(e) One General Service (Local level) Driver to strengthen the capacity of the transportation service, including in the event of severe pandemic.

27. The Advisory Committee notes that at present two of the requested posts are funded as general temporary assistance (1 P-4 and 1 General Service (LL)). Upon enquiry, the Committee was also informed that, as the United Nations Office at Nairobi provides administrative services to the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat), its business continuity planning has been developed in conjunction with these two organizations and includes their critical administrative functions. **Of the six posts requested under section 28F, Administration, Nairobi, the Advisory Committee recommends acceptance of three posts for: the Business Continuity Coordinator (P-4); the Medical Doctor (National Officer); and the Nurse (General Service (LL)).**

B. Recommendations on non-post requirements

28. With regard to the non-post resources of $7,485,600 proposed for the biennium 2010-2011, the Advisory Committee notes that a large portion relates to the development of telecommuting capabilities and remote access for staff and the acquisition of medical and other miscellaneous supplies for use by critical staff during a pandemic or other crisis scenario: contractual services ($3,226,700), furniture and equipment ($1,173,700), supplies and materials ($871,600) and general operating expenses ($745,300) (A/64/472, table 1). The telecommuting solution constitutes a key mitigation strategy, which allows staff members to access core applications and critical information by means of network connectivity without compromising security, thus ensuring that the Organization can continue its critical functions.

29. The resources proposed under contractual services ($3,266,700) are mainly due to the request of an amount of $2,346,200 for section 29, Office of Information and Communications Technology, of the proposed programme budget. The Advisory Committee notes that the resources are related to maintaining the telecommuting infrastructure for Headquarters for 1,100 critical staff, supporting virtual meeting infrastructure for the General Assembly, the Security Council and the Secretary-General, expanded videoconferencing and the maintenance of Citrix accounts and access licences (see also para. 15 above). The overall requirements also include a provision for the Office of Central Support Services for the acquisition of information management software to maintain the overarching Headquarters business continuity plan ($300,000), the Economic and Social Commission for Asia and the Pacific ($175,100), the Economic and Social Commission for Western Asia ($114,000) and the United Nations Office at Nairobi ($82,400). **The Advisory Committee is of the opinion that some of the services proposed to be provided**

by the Office of Information and Communications Technology, for which additional resources are requested, are already part of the capacity and ongoing responsibilities of the Office. The Committee therefore recommends that the resources requested for contractual services for the Office of Information and Communications Technology be reduced to $1,846,200 (a $500,000 reduction).

30. The requirements indicated under furniture and equipment of $1,173,700 are in large part for the acquisition or replacement of information technology equipment, applications and licences to ensure telecommuting capacity for main applications/systems, and for their maintenance, allowing critical staff to carry out their functions. The proposed resources are mostly for the Office of Information and Communications Technology ($407,300), the United Nations Office at Vienna ($231,500), the Economic Commission for Africa ($112,400) and the Economic Commission for Latin America and the Caribbean ($124,000).

31. An amount of $871,600 is requested for supplies and materials, which is mostly related to the acquisition of medical supplies, as well as other miscellaneous supplies or stocks of food and water proposed for use by critical staff during a pandemic or other disaster scenario. Resources amounting to $745,300, proposed under general operating expenses, are mainly related to the information technology and communications requirements of the Office of Central Support Services ($327,500), including a provision of $163,500 for miscellaneous services of electricians, radio and television engineers and cleaners in the event of a lockdown period; the Economic Commission for Africa ($105,200); the United Nations Office at Geneva ($100,000); and the Economic Commission for Latin America and the Caribbean ($81,000). **The Advisory Committee is of the opinion that, regarding the provision for miscellaneous services proposed under general operating expenses for the Office of Central Support Services, the Office should be able to provide such services from existing capacity, as part of its ongoing responsibilities, and therefore recommends that the requirements be reduced to $164,000 (a reduction of $163,500).**

32. **In view of the recommendations on posts contained in paragraphs 21 to 27 above, the operational costs in support of these posts should be adjusted accordingly. The non-post resources should be further reduced, taking into account the recommendations made in paragraphs 29 and 31 above.**

Annex I

Business continuity management programmes and resources in other organizations

Organization	*Business continuity management set-up*
World Bank	Dedicated long-term Business Continuity Management Unit with four full-time staff; an additional allocation of $1.5 million for hiring of consultants to assist with the business impact analysis and for the purchase of business continuity software package (using myCOOP disaster recovery software); the World Bank rents a hot back-up site for 66 critical staff
IMF	Dedicated long-term Business Continuity Management Unit; IMF budgets $3 million per year for business continuity management; business continuity management at IMF is already implemented, along with a software package (myCOOP disaster recovery software). IMF rents a hot backup site for 55 critical staff
African Development Bank	Dedicated long-term Business Continuity Management Unit with two full-time staff with a $1 million annual budget for business continuity management; plus received budget for purchasing of business continuity software package
Asian Development Bank	Dedicated long-term Business Continuity Management Unit and an additional $5 million received for establishment of alternate site and hiring of consultants to conduct a business impact analysis
UNICEF	Dedicated long-term Business Continuity Management Unit with three full-time staff; over the last three years the unit received budget of $11 million to implement business continuity management; organized joint workshops on business continuity with UNDP for all UNICEF country offices

Abbreviations: IMF, International Monetary Fund; UNDP, United Nations Development Programme; UNICEF, United Nations Children's Fund.

Annex II

Business continuity management positions funded under general temporary assistance resources in 2009 and posts requested by the Secretary-General for the biennium 2010-2011 in document A/64/472

Location	*Positions currently funded under general temporary assistance resources*	*Posts requested in document A/64/472*
Office of Central Support Services, Business Continuity Management Unit, New York	1 P-5, 1 P-4, 1 GS (OL)	1 P-5, 1 P-4, 1 P-3, 1 GS (OL)
Office of Human Resources Management Medical Services Division, New York	1 P-5, 1 P-4	1 P-5, 2 P-4, 1 GS (PL), 1 GS (OL)
Department for General Assembly and Conference Management, New York	—	1 P-3
United Nations Office at Nairobi	1 P-4, 1 GS (LL)	1 P-4, 1 National Officer (Medical doctor), 4 GS (LL)
Economic Commission for Africa, Addis Ababa	1 P-3, 1 National Officer, 1 GS (LL)	1 P-3
Economic Commission for Latin America and the Caribbean, Santiago	1 GS (LL)	
Economic and Social Commission for Western Asia, Beirut	1 GS (LL)	
Total	**12**	**17**